

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

**Tuesday, 19th June, 2007**

The House met at 2.30 p.m.

*[Mr. Speaker in the Chair]*

### PRAYERS

### PAPERS LAID

The following Papers were laid on the Table:-

Annual Report and Accounts of the National Cereals and Produce Board for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

Annual Report and Accounts of the Pyrethrum Board of Kenya for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Mr. Kenneth) on behalf of the  
Minister for Agriculture)*

Annual Report and Accounts of the Coast Development Authority for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Mr. Kenneth) on behalf of the  
Minister for Regional  
Development Authorities)*

Annual Report and Accounts of the Communications Commission of Kenya for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Mr. Kenneth) on behalf of the  
Minister for Information  
and Communications)*

Annual Report and Accounts of the Kenya Airports Authority for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Mr. Kenneth) on behalf of the  
Minister for Transport)*

Annual Report and Accounts of the National Water Conservation and Pipeline Corporation for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for  
Finance (Mr. Kenneth) on behalf  
of the Minister for Water  
and Irrigation)*

Annual Report and Accounts of Kenya Wines Agency Limited (KWAL) Holdings E.A. Limited and Subsidiaries Commissioner for the year ended 30th June, 2005, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for  
Finance (Mr. Kenneth) on behalf  
of the Minister for Trade  
and Industry)*

Annual Report and Accounts of the National Council for Science and Technology for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for  
Finance (Mr. Kenneth) on behalf  
of the Minister for Science  
and Technology)*

Annual Report and Accounts of the Kenya National Examinations Council for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

Annual Report and Accounts of the Registration of Certified Public Secretaries Board for the year ended 30th June, 2005, and the certificate thereon by the Controller and Auditor-General.

Annual Report and Accounts of the Registration of Accountants Board for the year ended 30th June, 2005, and the certificate thereon by the Controller and Auditor-General.

Annual Report and Accounts of Registration of Certified Public Secretaries Board for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

Annual Report and Accounts of the Registration of Accountants Board for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Mr. Kenneth) on behalf of the  
Minister for Education)*

Annual Report and Accounts of the National Social Security Fund for the year ended 30th June, 2004, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Mr. Kenneth) on behalf of the*

*Minister for Labour and Human  
Resource Development)*

Annual Report and Accounts of State Corporations Appeal Tribunal for the year ended 30th June, 2006, and the certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for  
Finance (Mr. Kenneth) on  
behalf of the Minister  
for Finance)*

Report of the Departmental Committee on Energy, Communications and Public Works on the Kenya Roads Bill.

*(Mr. Maore)*

Report of the Departmental Committee on Administration of Justice and Legal Affairs on the deliberations on nomination of Commissioners to the Kenya National Commission on Human Rights.

*(Mr. Marende)*

**Mr. Speaker:** Thank you. But as you do that, I expect that those reports go through the Speaker. I have not even seen those two reports.

**Mr. Marende:** Mr. Speaker, Sir, I was of the view that, as a matter of fact, your notice had been drawn to them.

**Mr. Speaker:** They have not been!

Next Order!

**Mr. Marende:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Yes, Mr. Marende!

**Mr. Marende:** Mr. Speaker, Sir, I have a notice of Motion to give---

**Mr. Speaker:** I have not even approved it! You will have to give it to the Clerk's Office so that it comes in the ordinary way. Then it gets registered and approved.

**Mr. Marende:** That is fine, Mr. Speaker, Sir. We will deal with it!

**Mr. Speaker:** Tuache kufanya mambo kienyeji!

*(Laughter)*

### QUESTIONS BY PRIVATE NOTICE

Mr. Speaker: Order, hon. Members! I have three Questions that I have been asked to defer, again, for the Ministry of Tourism and Wildlife. I do not understand why. The last time they said that they were out of the country. Are they still outside the country? Do you have any idea?

*(Mr. Awori stood up  
in his place)*

Maybe I should call the hon. Member, first, to put the Question. I know I have been called

by the Ministry. At least, they called my office, but they did not talk to me, to say that they are not available, but they are within the country.

Mr. Maore!

DISAPPEARANCE OF RHINO  
HORN TROPHIES FROM  
MERU NATIONAL PARK

**Mr. Maore:** Mr. Speaker, Sir, I beg to ask the Minister for Tourism and Wildlife the following Question by Private Notice.

(a) Under what circumstances did seven rhino horn trophies disappear from the Meru National Park on 17th February, 2007, seven days after the inventory was taken?

(b) What action has been taken to recover the trophies given that the security department facilitated the smuggling and cover-up?

**Mr. Speaker:** Like I said, the Ministry called my office and said that the Ministers are not available. I do not know where they are. Do you have any idea, Mr. Awori?

**The Vice-President and Minister for Home Affairs** (Mr. Awori): Not substantively, Mr. Speaker, Sir, but I gather that the Minister may have left for the Far East. The Assistant Ministers are also out of town. But that is not substantive. I have requested and I am expecting the answer in writing. That will also affect another Question. There are two Questions to the Minister.

**Mr. Speaker:** Yes! By Mr. Lesrima! Both of them came last week and I obliged to defer them because the Minister and his Assistant Ministers were out of the country. I do not know what I am supposed to do now.

Yes, Mr. Maore!

**Mr. Maore:** Mr. Speaker, Sir, I think we need to get a date from the Vice-President and Minister for Home Affairs as to whether the Questions will be answered tomorrow or Thursday. They have been pending long enough.

**The Vice-President and Minister for Home Affairs** (Mr. Awori): Mr. Speaker, Sir, on behalf of the Ministry of Tourism and Wildlife, I would like to request that these two Questions be put for Thursday. I will make sure that if the Minister is not here, I will answer them myself.

Thank you.

**Mr. Speaker:** Thank you. Mr. Lesrima, that also affects you.

**Mr. Lesrima:** Mr. Speaker, Sir, it is not very clear to me why the Minister and his two Assistant Ministers should be absent from the country for a whole month. It is not very clear at all. I would have expected the Government to appoint an acting Minister to run the Ministry. A month is too long!

Mr. Speaker, Sir, I will not be here on Thursday.

**The Vice-President and Minister for Home Affairs** (Mr. Awori): Mr. Speaker, Sir, the Minister was in the Hague trying very hard to save our elephants. There was a conspiracy to bring back what they call "sport hunting" and the Minister did a tremendous job because I know that. I read it on the internet. Therefore, he was doing a good service to this country.

**Mr. Speaker:** I thought it was on the sale of ivory and not sport hunting!

**Mr. Raila:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Yes! What is it?

**Mr. Raila:** Mr. Speaker, Sir, by international standards, this is the biggest Cabinet that we have. We have Ministers with two Assistant Ministers. This Government ought to know that it has a responsibility to this House. The other day, the Assistant Ministers were complaining that they are idle. They are earning salaries for doing nothing. Why, if the Minister is in the Hague, is it not possible for him to delegate to his Assistant Ministers so that they can do the work here, while he is

in the Hague?

**Mr. Speaker:** Mr. Raila, did the Assistant Ministers say they are idle?

**Mr. Raila:** Yes. It was in a newspaper headline!

**Mr. Maore:** They have written to the President!

**Mr. Speaker:** Order! Why have those two Assistant Minister! not come to break the idleness?

*(Laughter)*

Yes, Mr. Mungatana!

**The Assistant Minister for Justice and Constitutional Affairs** (Mr. Mungatana): Mr. Speaker, Sir, this House shall not be controlled by Press reports!

**An hon. Member:** There was a letter!

**The Assistant Minister for Justice and Constitutional Affairs** (Mr. Mungatana): Mr. Speaker, Sir, the letter that was signed by Assistant Ministers was merely emphasizing the role that we ought to accomplish, which many Ministers and their Assistants are already doing. It may be on specific cases.

So, it is not correct to give the impression to the nation that the Assistant Ministers are not doing anything.

**Mr. Speaker:** Mr. Mungatana, can you help me? Where are the two Assistant Ministers?

*(Applause)*

**The Assistant Minister for Justice and Constitutional Affairs** (Mr. Mungatana): Mr. Speaker, Sir, I can confirm for one of them. Mr. Kalembe Ndile was also away on official duties. I know that. I cannot speak for the other one.

*(Loud consultations)*

**Mr. Speaker:** Order, hon. Members! I hope we do have to get into this in future. I hope everybody will be present to discharge his or her business. So, I am sorry, Mr. Lesrima. What date is convenient to you then?

**Mr. Lesrima:** Mr. Speaker, Sir, the Minister is in the Hague saving the elephants of Kenya. Who will save the Samburu cattle and people who are being mauled by lions in his absence?

*(Laughter)*

**Mr. Speaker:** I am sorry, Mr. Lesrima! I cannot answer that.

**Mr. Angwenyi:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Hold it!

**Mr. Lesrima:** Mr. Speaker, Sir, to save time, I agree on Thursday, as long as the Minister will be here. But I am not sure.

**Mr. Speaker:** All right! Thursday then.

Mr. Angwenyi, what was it?

**Mr. Angwenyi:** Mr. Speaker, Sir, will I be in order to suggest to the Vice-President and Minister for Home Affairs to prepare a duty roster for Assistant Ministers to be answering

Questions here, so that we do not have to defer Questions? This is a perennial problem. It seems that we will not overcome it unless we prepare a duty roster for Assistant Ministers.

**Mr. Speaker:** Very well! There is another Question that has to go out, so that it does not bog other Members who must be [Mr. Speaker]

waiting in anticipation. This is the Question directed to the Attorney-General by Mr. Bahari. The Attorney-General is in Uganda because of the issue of the East African Co-operation, and that is understandable. So, he has asked me to defer it to next week. I think that is credible.

**Mr. Bahari:** Mr. Speaker, Sir, this Question came up last week, but it was deferred because the Attorney-General was still away. As Mr. Lesrima has said, this Question is about peoples' lives. It is very important. I hope that next week, the Attorney-General would be through with his official engagements in Uganda and be able to answer this Question. You can see that the incident dates back to 1999.

**Mr. Speaker:** I understand and I will do that. I will put it to Tuesday next week. I am sorry about that.

If I call the hon. Member for Kilome, I will end Question Time at 3.20 p.m., because Mr. Munya has a Ministerial Statement to issue. It was requested by Maj-Gen. Nkaisserry last week. So, all Questions will have to be disposed of by 3.20 p.m.

The hon. Member for Kilome! Have I missed out something?

**An hon. Member:** Yes, Mr. Speaker, Sir.

**Mr. Speaker:** Oh yeah! I am sorry. Yes, I have, indeed.

*(Question deferred)*

The hon. Member for Mosop!

#### INSECURITY IN MOSORIOT TOWNSHIP

**Mr. Sambu:** Mr. Speaker, Sir, I beg to ask the Minister of State for Administration and National Security the following Question by Private Notice:-

(a) Is the Minister aware that during the night of Tuesday, 15th May, 2007, two male persons who were working as watchmen at Mosoriot Teachers College were murdered and their bodies dumped inside the college chapel?

(b) How many arrests have been made in relation to those murders?

(c) Could the Minister instruct police officers to patrol the whole of Mosoriot Township on a 24-hour basis?

**The Assistant Minister, Office of the President** (Mr. Munya): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that during the night of 15th May, 2007, two male persons who were working as watchmen at Mosoriot Teachers College were attacked by unknown assailants, who inflicted serious injuries on them. One of the victims was found dead while the other died three days later while undergoing treatment at Moi Teaching and Referral Hospital. The motive of the killing was established to have been robbery. During the robbery, Kshs329,000 was reported stolen from the institution.

(b) No arrests have been made in connection with the murder. However, investigations are ongoing to establish whether the robbery was an inside job or not. Further, fingerprints have also been lifted to assist in the investigations.

(c) Mosoriot Trading Centre and its environs is patrolled by police officers from Kapsabet

Police Station on a 24-hour basis.

Thank you, Mr. Speaker, Sir.

**Mr. Sambu:** Mr. Speaker, Sir, in part "c", the Assistant Minister is saying that Mosoriot Trading Centre and its environs is patrolled by police officers from Kapsabet Police Station on a 24-hour basis. Last year, 1st of April, three watchmen were killed only 300 metres. They were guarding a shop and their necks were cutoff. This year again, two have been cut. When those three were killed last year, we requested the District Commissioner to put a road block near the DO's office in Mosoriot. He declined to do so. Instead, he took it three kilometres away.

Mr. Speaker, Sir, could the Assistant Minister now direct the police in Kapsabet to physically patrol Mosoriot Trading Centre so that there will be no further killings of innocent people?

**Mr. Munya:** Mr. Speaker, Sir, that has already been done. I have talked to the OCPD of the area and he has told me that there is a 24-hour patrol going on in the town. On top of that, there is now a permanent roadblock at the gate of the college manned by Administration Police (AP) officers. We have 14 AP officers stationed at the centre itself.

**Mr. Sambu:** Mr. Speaker, Sir, when those three watchmen were killed, the DO was there at Mosoriot. When these two were killed, the DO and his APs were there. Does it suffice to just have the APs? Will the Government direct that police do actually patrol the whole of Mosoriot because the APs are not doing anything?

**Mr. Munya:** Mr. Speaker, Sir, I have just said that the APs are there on top of the regular police patrols. I have been assured by the OCPD of the area that there is now a 24-hour patrol in the town. They have now moved the roadblock, which was far away, to the gates of the college to make sure that security is tightened. If the hon. Member has problems with the DO, we can investigate and if we find that there is a particular problem with that particular person, we will take action.

**Mr. Sambu:** Mr. Speaker, Sir, Kshs320,000--- The college Finance Officer knew because they bank money on daily basis. Why did they not bank money on that day? It was deliberate! They wanted people to be killed!

**Mr. Speaker:** That is not a point of order, Mr. Sambu! I hope hon. Members will understand that I have very limited time!

PURCHASE OF CONTINUOUS  
FERMENTING MACHINES BY KTDA

**Mr. Bett:** Mr. Speaker, Sir, I beg to ask the Minister for Agriculture the following Question by Private Notice.

(a) Is the Minister aware that KTDA recently bought 26 continuous fermenting machines (CFMs) at a cost of more than Kshs260 million?

(b) When were the tenders advertised, opened, analysed and awarded?

(c) Could the Minister confirm that the machines were supplied without the relevant conveyors?

**The Assistant Minister for Agriculture (Mr. Muiruri):** Mr. Speaker, Sir, I beg to reply.

(a) I am aware that KTDA bought 26 continuous fermenting machines (CFMs) at a cost of Kshs184.3 million.

(b) No open tenders were advertised, but the Agency went for quotations. The CFMs were supplied by different companies at different prices.

(c) I confirm that the machines were supplied without the relevant conveyors even though they were included in the specifications.

**Mr. Bett:** Mr. Speaker, Sir, the answer given by the Assistant Minister is so unsatisfactory. Sometime last year, the KTDA placed an order for a machine and I have a letter to that effect, which I want to table before the House. The machine which was quoted by the KTDA to the seller was going for Kshs8.49 million, excluding the Value Added Tax (VAT). If you add VAT, it adds up to Kshs10 million. So, this means that the 26 machines were bought at slightly over Kshs260 million.

That is money belonging to the tea farmers. These machines were bought without---

**Mr. Speaker:** Mr. Bett, you know you are now making a speech! Ask your question!

**Mr. Bett:** Mr. Speaker, Sir, these machines were bought without following the laid down tender procedures. Why were the tender procedures not followed for a budget of such a magnitude?

**Mr. Muiruri:** Mr. Speaker, Sir, we have no doubt that this tender has elements of some fraud. Ten companies responded to the tender, but after the analysis of the technical and financial bids, the Tender Board came up with three companies that met the KTDA specifications, whose unit price for the installed and commissioned equipment of 400 Kg per hour (?) were lowest as follows:-

Vikram India---

**Mr. Speaker:** Order, Mr. Muiruri! Could we just get the answer straight? Earlier on, you had said that there were no tenders. The hon. Member is asking why an acquisition was made without a tender. That is the question!

**Mr. Muiruri:** Mr. Speaker, Sir, there was no open tender or advertised tender. They invited some companies to give quotations.

**Mr. Mwanicha:** Mr. Speaker, Sir, cases of purchases in KTDA without tenders and single-sourcing are rampant. In this House, we discussed the case of many metric tonnes of fertilizer that was imported from Romania without tender. These cases are rampant and this involves the farmers' money.

Could the Assistant Minister order the sacking of the Managing Director and the whole Board here, today?

**Mr. Muiruri:** Mr. Speaker, Sir, the KTDA is a private company. What the Ministry can do is---

**Mr. Speaker:** Order, Mr. Assistant Minister! If, indeed, it is, why are you replying on its behalf? Mr. Assistant Minister, you have to respond!

**Mr. Muiruri:** Mr. Speaker, Sir, the KTDA, as it is, is a very important agency in the agricultural sector.

**Mr. Speaker:** That is not the question!

**Mr. Muiruri:** Mr. Speaker, Sir, the Question has been asked and I have answered it! We have said, and we are going to repeat, that the award of this tender is fraudulent. We are going to institute an investigation, whether the KTDA is a private limited company or not.

**Mr. Speaker:** I thought for a while that the hon. Assistant Minister had forgotten about the word "accountability". Now he remembers it very well, and I am very happy about that!

**Mr. Angwenyi:** Mr. Speaker, Sir, could the Assistant Minister cancel this deal, have these machines returned to the suppliers and levy a surcharge on people who made a decision to defraud farmers in Kenya?

**Mr. Muiruri:** Mr. Speaker, Sir, as I have promised this House, we are going to investigate and appropriate action will be taken.

**Mr. Cheboi:** Mr. Speaker, Sir, the Assistant Minister has just confirmed that the machines were supplied without the relevant conveyors. I have a document here from one of the tea factories which are already producing tender request quotation forms and sending them out to the public.



I am aware that it costs over Kshs2 million to buy the conveyor separately. Could the Assistant Minister stop this forthwith, so that the farmers do not lose? They have already sent out the quotation forms, a sample of which I have here. I can table the signed quotation form before the House.

**Mr. Speaker:** Order, hon. Members! From where I sit, I approve all the Questions. I think there is a myriad of other Questions involving the KTDA and impropriety. I hope something will be done to stop all these, so that we can do some other meaningful job.

**Mr. Muiruri:** Mr. Speaker, Sir, there is a Motion in this House by hon. Angwenyi to cancel the order that created the Kenya Tea Development Agency from the Kenya Tea Development Authority. I will ask the House to support this Motion, in the sense that the KTDA is now acting like a rogue elephant.

**Mr. Speaker:** Mr. Cheboi, you can table the document.

*(Mr. Cheboi laid the document  
on the Table)*

Mr. Bett, I think you are happy. Are you not? Then I can move on.

**Mr. Bett:** Mr. Speaker, Sir, the same machine can be obtained locally at Kshs7.2 million. That aside, could the Assistant Minister confirm or deny that before this transaction was undertaken, the factories concerned were not consulted?

**Mr. Muiruri:** Mr. Speaker, Sir, we are not convinced that these machines were required in the first instance. That is why I have said that we are going to have the matter thoroughly investigated.

**Mr. Speaker:** Very well! Thank you, Mr. Muiruri for that.

**Mr. Mwanicha:** On a point of order, Mr. Speaker, Sir. In view of the rampant impropriety in KTDA, and in view of the fact that the Assistant Minister has said that he is going to do something about it, am I in order to ask that he reports back to the House, so that we can know that something has been done?

**Mr. Muiruri:** Mr. Speaker, Sir, that will be in order.

## ORAL ANSWERS TO QUESTIONS

### *Question No.349*

#### OPERATIONALIZATION OF NDURU PRIMARY SCHOOL BOREHOLE

**Mr. Omingo** asked the Minister for Water and Irrigation:-

- (a) how much money was spent on the drilling of the borehole at Nduru Primary School in Nyamarambe Division of Gucha District;
- (b) why the borehole is not operationalized and whether the contractor has been paid full value for work done; and,
- (c) when the borehole will be operationalized.

**The Assistant Minister for Water and Irrigation** (Mr. Wanjala): Mr. Speaker, Sir, I beg to reply.

- (a) The borehole at Nduru Primary School was drilled and equipped by the National Water Conservation and Pipeline Corporation at a cost of Kshs1,114,200.
- (b) The borehole was repaired by my Ministry through the National Water Conservation

and Pipeline Corporation and it is currently operational and serving the community and the school. The project was undertaken by the National Water Conservation and Pipeline Corporation and no contractor was involved.

(c) As earlier stated, the borehole is operational.

**Mr. Omingo:** Mr. Speaker, Sir, last week, you deferred this Question for the simple reason that the answer given was not adequate. The Assistant Minister promised to go and check facts and come back to the House.

I have re-confirmed that these are not the correct facts. I do not think we are going to do this House justice if deferment of Questions is for the purpose of getting the same answers. We agreed that the Assistant Minister was going to investigate and report back to this House. You directed to that extent. This is the same answer that I have.

**Mr. Speaker:** Is that the same answer that Mr. Sungu said was not good?

**The Assistant Minister for Water and Irrigation** (Mr. Wanjala): Mr. Speaker, Sir, I want to confirm that this borehole is operational. I want to sympathise with the hon. Member, and you also understand that he is an hon. Member of the ODM(K) Committee and he has not been able to go and visit the ground for some time. For my sympathy---

**Mr. Omingo:** On a point of order, Mr. Speaker, Sir. I do not think we are going to trivialise matters that concern our constituents at the behest of politics of the kind of Mr. Wanjala.

This Question was deferred last week. I had consulted with the other Assistant Minister and we had agreed that this borehole was supposed to be drilled, water piped and a tank built. This is a short-change on the part of my people. It is not in order for politicians to be brought in, in matters of this nature.

**Mr. Speaker:** Order, Members! You know the rules! You cannot impute an improper motive on a colleague. When the hon. Wanjala stands on the Floor of the House to say that his colleague does not go to the constituency, what is he saying actually? Do you have a register?

**Mr. Wanjala:** Mr. Speaker, Sir, I want to confirm to you that from the 27th of May, 2007, the problem that this machine had was resolved and the borehole is operational. Although we removed the pump set and now we are using the handset. So, the borehole is operational as from 27th May, 2007. That is the truth of the matter. So, if the hon. Member is very busy addressing Press conferences here, we must tell him that he must go to the ground.

*(Applause)*

**Mr. Speaker:** Order! Mr. Wanjala, you will not get away with it! As a matter of fact, you have developed the attitude of brow-beating colleagues, and generally telling the whole world and this House that you are better than everybody else. I do not think I can say from the Chair, that I am better than all the colleagues, and you, certainly, have no moral authority to generally prefect your colleagues. I think you need to be a little humbler than you are.

**Mr. Omingo:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Yes, Mr. Magara; I hope you are not going to be on the same warpath!

**Mr. Omingo:** Mr. Speaker, Sir, I do not deal with people of average intelligence; I am beyond this group!

*(Loud consultations)*

**Mr. Speaker:** Order! Order, Members! I think the two of you are going overboard; both of you! Each one of you will separately apologise to the House for being---

*(Loud consultations)*

I think the House has said what I wanted to say.

*(Laughter)*

Each one of you, in turn, must apologise to the House. We begin with you, Mr. Wanjala, and then we come to Mr. Omingo, and then we proceed.

**Mr. Wanjala:** Mr. Speaker, Sir, before I apologise, I am an honourable Minister and I have confirmed that borehole is operational.

**Mr. Speaker:** Order! That is not the issue. The issue is your imputation of---

**Mr. Wanjala:** Mr. Speaker, Sir, I want to apologise, and inform the House that I want to personally go to that constituency with the hon. Member and confirm to him before his people that this borehole is operational.

*(Applause)*

**Mr. Speaker:** Very well. Mr. Magara, it is your time to apologise.

**Mr. Omingo:** Mr. Speaker, Sir, I apologise. But let me now give the House the facts.

**Mr. Speaker:** Order!

**Mr. Omingo:** I have apologised, Mr. Speaker, Sir.

**Mr. Speaker:** Order! Since the two of you have taken the wrong turns and twists in this Question, I am not minded to let other Members lose out, because of the confrontation between the two of you. I will give you the last chance to ask your question as precisely, and as respectfully as you possibly can, and the Assistant Minister will answer as respectfully as he can, and we go to the next Question.

**Mr. Omingo:** Thank you, Mr. Speaker, Sir.

Now, with sobriety, I want to give this House the facts as they are. The terms of reference of this particular project are that the water was to be struck, an electric pump installed together with piping to serve a community of about 50,000 people. The contractor did not strike the place from where he could get sufficient water to cover the community and, therefore, they changed to a hand pump that does not work. It is not civilised for 50,000 people to go to a school and draw water from a hand pump. Could the Assistant Minister, therefore, confirm that he will endeavour to implement the programme as earlier designed and to serve the Nyamarambe people, who are over 50,000 because they cannot draw water from the school?

**Mr. Speaker:** That is enough!

**Mr. Wanjala:** Mr. Speaker, Sir, the hon. Member has just confirmed that the pump is operational, although it is at a school. So, he only feels that more should be done. But this borehole, as I said, was done to 127 metres deep, and the yield is only 0.9 cubic metres per hour. The pump cannot work on 0.9 cubic metres, although we did, instead of 120 metres, which is normal, we went up to 127 metres and the yield was still low. So, for the pump set to work, we need 1.5 cubic metres. That is why the pump has failed. Then, we were forced to change to a hand pump. The hand pump, as I said, is operational, and he has just confirmed that. So, there is even no need of me going there. We gave to Ugunja, in 2005/2006, the same borehole for Kshs6 million, which did three boreholes at Nduru Primary School, Nyangu School and Ibenso School. These boreholes were constructed. Now, because of the failure of the other project, we turned to a hand pump and, through the Lake Victoria South Water Services Board, we are exploring other alternative ways of serving the 50,000 people he is talking about.

**Mr. Speaker:** Very well. You know what, Mr. Wanjala; if you said all those facts normally, everybody would have understood why you do not have that other generator, because you cannot generate water out of 0.9 cubic metres per hour. So, why do you not be specific? Thank you.

**Mr. Wanjala:** Mr. Speaker, Sir, I was very clear on that the pump set failed, but he could not agree until he has accepted.

**Mr Speaker:** *Tosha! Mlikosana wapi leo?*

Mr. Kariuki Mirugi?

*Question No.324*

TABLING OF AUDITED ACCOUNTS  
FOR LOCAL AUTHORITIES

**Mr. Mirugi** asked the Minister for Finance:-

(a) whether he could table the audit reports of the Controller and Auditor-General for Nairobi City Council, Mombasa, Kisumu, Nakuru and Eldoret Municipal Councils since Financial Year 2003/2004; and,

(b) whether he could state whether or not the provisions of the Public Audit Act, 2003, Sections 21 to 28 are being complied with as relates to the councils in "a" above.

**The Assistant Minister for Finance** (Mr. Kenneth): Mr. Speaker, Sir, I beg to reply.

**Mr. Speaker:** Oh, I do not know what is happening today! I think I had picked Mr. J.M. Mutiso's Question much earlier.

**The Assistant Minister for Finance** (Mr. Kenneth): Since I am on the Floor---

**Mr. Speaker:** Since you are on the Floor, you will proceed. But I am sorry about that. I think Mr. Wanjala and Mr. Omingo are the cause of all this!

**The Assistant Minister for Finance** (Mr. Kenneth): Mr. Speaker, Sir, I beg to reply.

(a) The abstract of accounts for the Municipal Council of Kisumu for the 2003/2004 and 2004/2005 Financial Years have been finalised and submitted to the Clerk of the National Assembly by the Treasury. Audit reports in respect of Nairobi City Council, Mombasa Municipal Council, Nakuru Municipal Council and Eldoret Municipal Council for the period from 2003/2004 Financial Year to date, and the Kisumu Municipal Council for the 2005/2006 Financial Year are at different stages of finalisation and have, therefore, not yet been presented to the Treasury.

(b) Instances have been noted where the provisions of the Public Audit Act, 2003, Sections 21 to 28 have not been complied with.

**Mr. Raila:** On a point of order, Mr. Speaker, Sir. In respect of jurisdiction, which Ministry should really be dealing with local authorities? Is this Question really directed to the correct Ministry? The fact that the Ministry of Local Government is the parent Ministry means that it should be dealing with local authorities rather than the Ministry of Finance.

**Mr. Speaker:** Mr. Kenneth, what is your reaction?

**Mr. Kenneth:** Mr. Speaker, Sir, the overall audit function is in the Ministry of Finance. Therefore, that is why, probably, the Question was directed quite correctly to the Ministry of Finance.

**Mr. Speaker:** Is there any disadvantage by Mr. Kenneth answering the Question?

**Mr. Raila:** Mr. Speaker, Sir, the Acts are usually very clear. There are a number of parastatals which fall under specific Ministries. Local authorities are under the Ministry of Local

Government. Although the Treasury audits all these other parastatals and authorities, eventually the responsibility lies with the parent Ministry. In this case, it is the Ministry of Local Government.

**Mr. Speaker:** Madam Minister for Justice and Constitutional Affairs, what is your say on this?

**The Minister for Justice and Constitutional Affairs (Ms. Karua):** Mr. Speaker, Sir, I just want to draw your attention that the Question is raising audit issues. Any hon. Member would know that audit issues fall under the Ministry of Finance.

**Mr. Speaker:** Anyway, proceed, Mr. Mirugi!

**Mr. Mirugi:** Mr. Speaker, Sir, I want to appreciate the answer by the Assistant Minister. My issue is that we are spending billions of shillings every year as the Local Authorities Transfer Fund (LATF). I believe this financial year we are slated to give the local authorities approximately Kshs8 billion. The Act is very clear that the local authorities have to submit audited reports six months after the end of each financial year. Could he admit that the Controller and Auditor-General does not have the capacity to audit these institutions countrywide? What are they doing to improve the capacity of the Office of the Controller and Auditor-General, so that we do not continue having these problems in the local authorities? Why are local authorities not held accountable for the billions of shillings we continue pumping into them?

**Mr. Kenneth:** Mr. Speaker, Sir, first of all, if you go by Section 25 of the Public Audit Act, which Mr. Mirugi is talking about, it actually empowers the Ministry of Finance. I am referring to this section because of Mr. Raila. Going back to the question that has been asked by Mr. Mirugi, all these councils are at the final stages of making sure that their books are in order. We have had, on many occasions, to return back their accounts because they did not have the right schedules to support them. As a matter of fact, especially Nakuru Municipal Council, they submitted the schedules for all the audit years, but we asked them to go back because they did not have supporting documents. We have now asked the City of Nairobi, and the four municipal councils, to submit their audited accounts with supporting documents. Most of them have been given up to 30th June 2007 to make sure that their books of accounts are in order. In particular, Nakuru Municipal Council has been given up to up 31st July, 2007, to do so. So, in essence, what I am saying is that by 31st July this year, all those four municipal councils and the City Council of Nairobi, will have had their accounts up-to-date.

**Mr. Raila:** Mr. Speaker, Sir, I quite appreciate the point that the Assistant Minister is making. There is an Accounting Officer in every Ministry who ultimately accounts to the Controller and Auditor-General when the books are being audited, including those of the local authorities. The final Accounting Officer is not the Permanent Secretary, Treasury, but the Permanent Secretary in the Ministry of Local Government. While I appreciate that the Treasury has taken over the responsibility of the Ministry of Local Government because of, maybe, their incompetence, why should it take so long for these books of these local authorities to be audited?

**Mr. Kenneth:** Mr. Speaker, Sir, the Public Audit Act was passed in this House in 2003. Mr. Raila was in this House when it was passed. So, the Ministry of Finance has not taken over any role. We are confining ourselves to Sections 21 to 28 of the Public Audit Act as referred to by Mr. Mirugi. If Mr. Raila does not have a copy of that Act, I could avail it to him.

**Mr. Raila:** On a point of order, Mr. Speaker, Sir. It seems we are not communicating.

*(Loud consultations)*

**Mr. Speaker:** Order, hon. Members! Can we make it possible for us to communicate?

**Mr. Raila:** Mr. Speaker, Sir, we are not communicating properly with the Assistant Minister. I am not really questioning the need for all the authorities to comply with the Public

Audit Act. That, in fact, has always been the case. However, what I am saying is that in each Ministry, there is an Accounting Officer.

Mr. Speaker, Sir, all these parastatals are audited by the Controller and Auditor-General; all the time. But, ultimately, the responsibility is that of the Accounting Officer in the Ministry. Whereas it is fine, because they have to be audited under the Act, the responsibility is not that of the Minister for Finance. It is the Minister for Local Government. That is what I am saying!

**Mr. Speaker:** Including Parliament! They have to be audited!

**Mr. Raila:** Exactly, Mr. Speaker, Sir.

**Mr. Kenneth:** Mr. Speaker, Sir, it is not that we are not communicating. It is, perhaps, the hon. Member who is not understanding my communication. Mr. Mirugi has confined himself to Sections 21 to 28 of the Public Audit Act. I am responding as per the Act which was passed by this House.

**Mr. Speaker:** Sorry, that is the end of Question Time.

All the other Questions are deferred. Mr. Clerk-at-the-Table, arrange and give priority to those deferred.

*Question No.044*

COMPENSATION FOR CAMELS  
KILLED BY LIONS

*(Question deferred)*

*Question No.130*

KILLING OF MESSRS. BUKE AND TOROTORA

*(Question deferred)*

*Question No.238*

MONEY COLLECTED/DISTRIBUTED  
BY TOTO LOTTERIES IN NAIROBI

*(Question deferred)*

*Question No.284*

INCREASE IN CASES OF CERVICAL CANCER

*(Question deferred)*

*Question No.343*

WRITING OFF OF DEBTS OWED BY KIAWARA/  
SHAURI YAKO SLUM RESIDENTS

*(Question deferred)*

**Mr. Speaker:** Next Order!

### MINISTERIAL STATEMENT

MEASURES TAKEN BY GOVERNMENT  
TO ADDRESS THE *MUNGIKI* MENACE  
AND OTHER CRIMINAL GANGS

**The Assistant Minister, Office of the President (Mr. Munya):** Thank you, Mr. Speaker, Sir. On 12th June, 2007, hon. Maj-Gen. Joseph Nkaiserry, the Member of Parliament for Kajiado Central rose on a point of order to seek a Ministerial Statement from the Minister of State for Administration and National Security on the issue of insecurity caused by the *Mungiki* menace. He wanted to know the root cause of the *Mungiki* menace, its leadership and given that the Government has the National Security Intelligence Service (NSIS) to provide such intelligence information, what action the Government is taking to ensure that it stamps out this menace and any other insecurity problem in the country.

Mr. Speaker, Sir, I am aware that the issue of insecurity caused by the *Mungiki* sect is both a menace and a challenge to us. *Mungiki* sect is one of the many organised criminal gangs which have been terrorising the public in Nairobi City and its environs, parts of Rift Valley Province and parts of Central Province. Being a proscribed organisation, any person found engaging in the activities of the organisation shall be dealt with in accordance with the law.

Mr. Speaker, Sir, I am aware that the *Mungiki* menace has become an issue of national concern because of the increased level of extortions, violence and bizarre atrocities, they are meting out against their victims. This and other gangs of organised criminals such as the *Taliban*, *Sungu Sungu*, *Baghdad Boys*, *Kamjesh* and other proscribed outfits have all been involved in unleashing terror upon innocent members of the public for selfish material gains.

Mr. Speaker, Sir, the following persons have been arrested on suspicion of being the coordinators of the sect. One, Ibrahim Mburu Mwaga, Njoroge Wagacha, Maina Wagacha and also John Maina Njenga and Ndura Waruinge who have so far disassociated themselves from the sect. Over 1,000 other operatives have similarly been arrested. The *Mungiki* sect began in the 1990s in Laikipia District, Ng'arua Division. It had its basis on traditional Kikuyu religion with the followers being mostly unemployed youth.

The root causes of *Mungiki* cannot be attributed to a single cause. Judging from its early beginning, one can deduce that the cause is both social and economic. It is social in the sense that the adherents advocated for the return of traditional Kikuyu cultural and religious practices. It is economic in the sense that the youths were faced with unemployment and hoped to solve their financial problems through social groups.

However, over time, the *Mungiki* sect has mutated and is today a totally different organization. The *Mungiki* sect is purely a criminal gang whose aim and objective is to earn a living without sweating for it; by terrorising *wananchi* to succumb to their extortionist demands. They threaten, injure, kill and destroy the property of those who do not comply.

Mr. Speaker, Sir, the *Mungiki* and other cartels also operate on various *matatu* routes, extorting money from touts and drivers. The illegal gang had gone to the extent of demanding monthly fees from residents of Mathare, purporting to provide them with security. Worse still, the illegal gang had started killing those who denounced their devilish activities, volunteer information on the sect's unlawful deeds and fail to pay the illegal fees as demanded. Mr. Speaker, Sir, the problem of poverty and unemployment is a global phenomenon and it cannot be used to justify intimidation and extortion of money from law-abiding citizens. Forty six per cent of Kenyans live

below the poverty line and, yet, they are not criminals or extortionists. The Government's core mandate is to ensure that lives and property of citizens are safeguarded. For this reason, the Government is determined to use all legal means at its disposal to stamp out all organized criminal gangs which have been terrorising innocent members of the public. The Government is not ready to negotiate with any organized criminal gangs, cattle rustlers, carjackers, bank robbers or any others, whatsoever.

The Government has put in place the following long-term and short-term measures to address the *Mungiki* menace and other forms of insecurity: One, on 15th March, 2005, the Government banned and outlawed *Mungiki* and other illegal societies posing a threat to national security. Two, the Government also intensified the crackdown on the members of the illegal gang and so far, over 5,000 suspects are facing the law. Security personnel have also been deployed in all *matatu* terminuses, to ensure that no further compulsory collection of illegal levies takes place and to deny the illegal sect's access to their sustenance. The Government has also been continuously conducting raids and patrols in order to flush out the illegal gangs from their hideouts. Stringent measures on traffic rules to seal the vacuum exploited by the members of the *Mungiki* sect in the *matatu* industry have also been undertaken.

The Government has also taken legal action against leaders inclined on using the criminal gang for political expediency. It has also provided anonymous facilities like "*Toa Habari kwa Serikali*" boxes in Provincial Administration offices and mobile phone facilities, to ensure speedier security information alerts.

**Mr. Speaker:** I am sorry, Mr. Assistant Minister! You know what time it is now? How long have you got? I do not want to cut you short, because I am sure hon. Members would like to participate. Could we stop there and resume from where you have left tomorrow?

**The Assistant Minister, Office of the President** (Mr. Munya): It is okay, Mr. Speaker, Sir.

**Mr. Speaker:** We will resume tomorrow. I will give you a little bit more time. We will begin with you at 3.15 p.m., so that the hon. Members can have an opportunity to seek clarifications.

I am sorry, hon. Members, but that is the law!

**Mr. Ahenda:** On a point of order, Mr. Speaker, Sir. Last week, you promised that we would get a Ministerial Statement concerning the riots that took place in Oyugis Town, where some lives were lost.

**Mr. Speaker:** I actually did not promise, but ordered for it! It has not come, but the time is up anyway. So, you will be lucky next time.

Just before we move to the next Order, Mr. Munya, please, you will continue with the Ministerial Statement tomorrow at 3.15 p.m., because we want to get rid of it.

Is that all right?

**The Assistant Minister, Office of the President** (Mr. Munya): Yes, Mr. Speaker, Sir.

**Mr. Speaker:** Thank you. Next Order!

*(The Ministerial Statement was  
interrupted and deferred  
to tomorrow)*

## PROCEDURAL MOTION

LIMITATION OF DEBATE  
ON ANNUAL ESTIMATES



**The Vice-President and Minister for Home Affairs** (Mr. Awori): Mr. Speaker, Sir, I beg to move the following Motion:-

THAT, the following limitations shall be applied to the Business of the Annual Estimates:-

(i) Each speech in the debate on the Financial Statement on the Annual Estimates shall be limited to ten minutes, excluding the Mover's speech and reply, which shall not be limited; and the Leader of the Official Opposition or designated official spokesman who shall be limited to 30 minutes.

(ii) On the Motion "That, Mr. Speaker do now leave the Chair" to enable Ministers to initiate debate on policy, the Mover shall be limited to a total of one hour; half an hour for moving and half an hour for replying to the debate; thirty minutes for the Leader of the Official Opposition or designated official spokesman; and that each other Member speaking shall be limited to ten minutes; provided that one hour before the Question of the Vote is put, the House shall go into Committee and the Chairman shall put every question necessary to dispose of the Vote.

(iii) Each speech in Committee of Ways and Means and Committee of Supply shall be limited to ten minutes.

I beg to move.

The Minister for Justice and Constitutional Affairs (Ms. Karua) seconded.

*(Question proposed)*

*(Question put and agreed to)*

### COMMITTEE OF WAYS AND MEANS

*(Order for Committee read)*

#### MOTION

THAT MR. SPEAKER DO  
NOW LEAVE THE CHAIR

*(The Minister for Finance  
on 14.6.2007)*

*(Resumption of Debate  
interrupted on 14.6.2007)*

*(First Day of Budget Debate)*

**The Vice-President and Minister for Home Affairs** (Mr. Awori): Thank you, Mr. Speaker, Sir. I wish to second the Minister's Motion, first of all, by thanking him very much for his ambition. It is, indeed, a great ambition of Kshs700 billion in a country that has no minerals or oil; a country which only four and a half years ago was economically collapsing; a country whose environment has been ravaged, the infrastructure tattered, and the interest rates elusory. It is also a country where there is lack of credit to all small-scale traders. To me, this is a feat that needs the

Minister to be congratulated. The Minister has achieved this feat by having been guided by a proper monetary policy, which has been built on the Vision 2030. This Vision is guided by the President's clarion call of a "working nation." The Minister has achieved his ambition. As I hope, if this Administration will be given the next five years, we expect to see the future Budgets in trillions.

A Budget does not have to be good or bad. A Budget has to be relevant and conform to the prevailing circumstances. It must be a Budget that is beneficial to all the citizens. Although the Recurrent Expenditure is still fairly high, the current Budget has put a lot of money in development. The only area that continues to take the lion's share is in the social and humanitarian spheres. Owing to the Free Primary Education (FPE), the additional number of children who have joined schools, and the introductory of the free tuition in secondary education, it is only so, that the Recurrent Expenditure on the social and humanitarian spheres should continue.

Mr. Speaker, Sir, we are working towards affordable health services. As a result, naturally, the Minister has had to enhance the money allocated to the health sector. The Minister has set aside money for the agricultural sector. I want to thank him for having remembered the farmers who were not paid for their deliveries for crops such as tea and coffee. Naturally, we expect that this will be extended to other farmers, such as the ones dealing with cereals and livestock.

Mr. Speaker, Sir, the Minister has invested in tourism. We know that tourism is one of the fastest-growing sectors. Looking at the previous year, the sector brought in US\$1 billion. An amount of US\$1 billion from one sector is not peanuts. In continuing to spend money in social and humanitarian sectors, the Minister has recognised that he must continue to support the Youth Enterprise Development Fund. I know that there are some people who believed that there was necessity to add another Kshs1 billion to the Fund. However, they are forgetting that the Fund we set up in the last Budget is a revolving Fund. So, we expect that, every year, we will add on to it but not to allocate a similar amount. The Minister has set aside money for women. This is an area which is very important, in that, we will now have the women folk playing a much bigger role in the development of this country.

There is need to support the *Jua Kali* sector because we know that the employment rate has increased within the sector. We are happy that the Minister has reduced the number of licences required in all the sectors, including the hotel industry. This will reduce the number of days required when a company is being set up.

Mr. Speaker, Sir, on the tourism sector, we are conscious of the fact that with the World Cup coming to South Africa in 2010, there will be a spill-over to our country and we need to set up more hotels to cater for our visitors.

I want to thank the Minister for the amount of money he has allocated to the Rural Electrification Programme, water and ICT. These are areas of great interest to the country that will help us to continue to sustain the growth in industries.

In promoting agriculture, the Minister has been conscious of the fact that there is a big chunk of land in Arid and Semi- Arid Lands (ASALs) which needs to be put into production, provided the infrastructure, such as water and electricity are provided.

Mr. Speaker, Sir, roads have really been neglected. The Kshs100 billion which has been allocated for roads will help to repair roads and construct new ones. We know that with regional blocs of trading, we are working in very competitive areas. We need to reduce cost of production. With good roads, there will be less breakdown of vehicles and, therefore, the cost of both production and transportation will be brought down and we will compete favourably with others. There are those who view the Budget as being a Budget for elections. That is not so. We should think in terms of the fact that we will be able to employ 11,000 teachers. Surely, that has nothing to do with elections.

If we think in terms of having now paid the teachers what was promised more than ten years ago, that is just being realised.

Mr. Speaker, Sir, what we are doing right now where taxation is concerned, is to ask people who need to take a little more drinks to do so knowing that they are helping to pay for the education of our people. Is it a crime or electioneering when we talk of upgrading our slums? There is a guideline which shows that, for those who are going to invest in housing for the poor, they will have tax relief. Those are some of the things that the Minister has put in the Budget that are making it attractive to the people.

Mr. Speaker, Sir, I want to end by saying that, there is an old saying that, "beauty is in the eye of the beholder". This Budget is like beauty. So, those who want to oppose it, they will simply oppose it.

**Mr. Speaker:** Time up!

**The Vice-President and Minister for Home Affairs** (Mr. Awori): Mr. Speaker, Sir, I beg to support.

**Mr. Speaker:** Just before I call Mr. Kerrow--- Mr. Kerrow, you can remain standing. Just before I give the Floor to Mr. Kerrow, I want to see an indication of interest so that we record the names of the hon. Members who want to participate, so that we pay loyalty. Those hon. Members who are loyal to the House and stay here, will have the opportunity first, before those who go and transit through the House. So, can you please stand, those who are interested? Yeah! For the balance of the time, I mean, we will keep the list even up to tomorrow.

So, please, list down the names of those hon. Members who have shown interest. We shall add more names to the list as they show interest. Mr. Leshore, you can raise your hand if you are interested.

*(Mr. Leshore raised his hand as  
several hon. Members stood  
up in their places)*

*(The Clerk-at-the-Table noted down  
the names of hon. Members  
who showed interest in  
contributing to the Motion)*

Okay, are you finished? I want all of it to be recorded because I will follow that list systematically. Are you finished? Okay, let me just go through it. Can I just go through it and make sure that nobody is left out?

Sorry, hon. Members, but I want to go through it with you so that I do not miss anybody, and we will stick to it. If anybody who is on this list goes out, I will cancel his name. So, do you understand? If you walk out, I will cancel your name from the list, otherwise I will also become lonely.

I have the following hon. Members on my list: Messrs. Bahari, Biwott, Sungu, Lesrima, Magara, Syongo, Ahenda, Michuki, Ms. Karua, Messrs. Munya, Ndwiga, Dr. Machage, Messrs. Muite, Mwanicha, Waithaka, Leshore and Miriti. Have I missed anybody?

*(Mr. Muturi stood up  
in his place)*

Okay, you will be included on the list.

So, Mr. Billow, you are the official spokesperson, you have 30 minutes!

**Mr. Billow:** Thank you, Mr. Speaker, Sir. The Budget as we all know, represents the foremost Government policy document. In this regard, therefore, many of us expected that it will deal with some of the fundamental issues that are affecting the country or that are of concern to this country at the moment. We expected the speech to deal with issues with regard to, for example, the constitutional review process, the upcoming General Elections and concerns raised by hon. Members on this side about the free and fairness of the coming elections. We expected it to deal with corruption, insecurity and so-forth, and some of the key challenges that this nation is facing. It is sad to note that the speech was short on those issues which are of national importance today.

However, Mr. Speaker, Sir, the Minister dwelt at length on the "Vision 2030" and stated quite clearly that, that vision will replace the Economic Recovery Strategy (ERS) that was developed in 2003. However, I would have appreciated if he dealt more with the achievements of the ERS for the more than four years it has been operational. For example, in that ERS, there were benchmarks that were set with regard to the efficiency and effectiveness of service delivery in the Public Service. Also, on the role of the Government with regard to the size of the Government, so that it can also be reduced so that it can be more efficient and on many other issues.

For example, in agriculture, value addition was one of the main issues that were to be addressed in the ERS. So, I would have thought that he would have dealt a lot more with what has been achieved with the ERS and what has not; what is pending and what has been carried forward to the "Vision 2030".

Mr. Speaker, Sir, the Minister said that the "Vision 2030" requires:-

"Radical transformation of our economic, social and political systems".

The Minister has not said how they intend to do that. For example, in my view, those are the same old words we have heard from 1960s, that every Government that comes here says. We are told that we are going to radically transform our political, economic and social systems, but at the end of the day, it is the same music; it is the same thing that is happening, not much change. I will give you an example. For example, on the economy, we are using the same 1960s economic model which emphasizes the high potential areas at the expense of other areas which need to be explored. On the political scene, we are witnessing a time when there is a reversal of political pluralism in this country to the extent that even in this House, you do not know who is in the Government and who is not.

Mr. Speaker, Sir, on social aspects, one of the radical transformations was to introduce free primary education and allow over seven million students to be in schools. However, that transformation of our education system has affected the quality of education. So, when we say that, that vision is going to transform our political, social and economic systems, I do not see, from the speech of the Minister, how that will be achieved positively.

It is interesting to note that in spite of our request on the Floor of this House, that "Vision 2030" has never been laid on the Table of this House. Hon. Members of this House have not had the opportunity to examine, critique, analyze or study it. So, when we hear in the media and from the Government that there is a "Vision 2030" that intends to do x,y,z, and those people who represent Kenyans in this august House have not had the opportunity to examine, study or input into that document, I think it is unfair. I think that it is important--- There was a pledge by the Leader of Government Business that, that Vision will be laid on the Table of this House for discussion.

Mr. Speaker, Sir, the Budget paints a very rosy picture of the affairs of this country. The Budget Speech gives us a "feel-good" attitude when we listen to it that, indeed, we are doing very well. But that is far from the truth. When the Minister describes the economy; when he talks about

poverty, sectoral performances, macro-economic environment and international ratings of the Government, he paints a very rosy picture. However, in short and medium terms, there is very little improvement in the livelihoods of Kenyans. There is very little in that document to reduce the cost of living and address the wallowing poverty in which our Kenyan brothers and sisters are living in.

Mr. Speaker, Sir, far from reducing the cost of living for ordinary Kenyans who are wallowing in poverty, the Minister gives in one hand and takes with the other. When he gives tuition waiver for students in secondary schools, he takes it away through the high cost of basic commodities because of the cost of packaging, additional Excise Duty on beverages and so on. When he removes licence fees for public service vehicles, he takes it away by introducing higher duty on spare parts. At the end of the day, in spite of the very good Budget Speech, Kenyans will continue suffering.

Mr. Speaker, Sir, if you look at the Economic Survey of 2007 presented by this Government, you will find that the level of poverty is still very high. Inequality is on the rise and, indeed, the lives of Kenyans have not significantly changed. Let us look at one of the fundamentals that was a pledge by this Government when it presented the Economic Recovery Strategy (ERS). This Government said it would endeavour to keep inflation below 5 per cent. From the time the Government took over the running of this country to date, inflation has remained at double digits. Last year, the average inflation rate was 15 per cent. If you look at the Consumer Price Index (CPI), which is in the Economic Survey, it has gone up from 133 to 207. That means that the average prices of food, fuel, shelter, rent and so on have gone up by 56 per cent. All the items that fall under CPI have gone up by 56 per cent. In fact, food, which is the most important and accounts for 51 per cent of consumption by Kenyans, went up by 21 per cent last year. For the five years that this Government has been in power, the price of food has gone up by over 100 per cent. What we are saying is that this Government's expenditure pattern - and I will address that shortly - is actually fuelling inflation which is making the cost of food, fuel and shelter go up beyond imagination. That is a matter that we expected the Minister to deal with. How did he deal with inflation? He just glossed over it! Inflation is bound to increase in the next year.

Mr. Speaker, Sir, let us look at the issue of forex, another macro-economic item. The Minister said that foreign exchange has stabilised. How could that have stabilised when the exchange rate to US\$1 was Kshs77 to Kshs78 at the beginning of the year? At the end of the year, it was Kshs66. We know that tea, coffee and horticulture farmers are complaining about the effects of a stronger Shilling. It is becoming extremely difficult for our farmers to plan because of the instability of the exchange rate and yet, the Minister says quite comfortably that the exchange rate has stabilised. When did it stabilise?

Mr. Speaker, Sir, on the issue of jobs, which is another important measure, the Economic Survey shows that 469,000 jobs were created last year. That is, indeed, a decline from what it was in 2005/2006. In the last five years, the jobs which have been created have always been between 460,000 to 490,000. Out of the 469,000 jobs, 418,000 were informal jobs. They have not counted how many people have got into informal jobs. They have just estimated. The only formal jobs that were created by this Government, with the 6.1 per cent economic growth, were 51,000. If you look at the Economic Survey, all the 51,000 jobs were created in one sector last year. That is telecommunications sector and mobile phones industry. So, when we come here and give a feel-good atmosphere and say that we are doing very well, we know that our people are not getting jobs. There is instability in the forex and the inflation is really killing people.

Let me come to the most important item - poverty. Everything that we do in terms of the economy is aimed at reducing poverty. That is one of the key things that this Government attempted to do, when it set up the ERS. There is a bit of contradiction in the Budget Speech by the Minister and what is contained in the Economic Survey that was published last month. The

Economic Survey shows that Kenyans living below the poverty level in the rural areas are 49 per cent. I have the book here. When the Minister gave his Speech, he said that poverty in the rural areas has been reduced to 33.7 per cent. I think that was intended to create an atmosphere that, indeed, we are reducing poverty significantly. We are not and I will give you the reasons.

Mr. Speaker, Sir, let us look at poverty itself! The highest level of poverty is at 95 per cent in Turkana District. In other words, 95 per cent of people living in Turkana District live below the poverty line. That is in the Economic Survey. Poverty is lowest in Kajiado District at 11 per cent. If any hon. Member watched the news last night, people in Turkana District, right here in Kenya, were boiling wild berries. They put the berries on fire at 7.00 a.m., boil them up to 5.00 p.m. and they have nothing else to eat except that. Those people are living in this country!

**Mr. Speaker:** And the berries are poisonous!

**Mr. Billow:** Mr. Speaker, Sir, those berries are poisonous and yet, we can come here and say we are doing very well! If you look at the document that was published by the Minister, it says that there are pockets of poverty. We cannot talk about pockets of poverty. I come from a region that is not a pocket! The Economic Survey shows that the average poverty in the entire North Eastern Province is 74 per cent. It has increased from 58 per cent in 1997. Under the watch of this regime, it has shot up to 74 per cent. If you take the case of Coast Province, the average poverty level went up from 62 per cent to 70 per cent last year. But the Minister was very careful when he said that poverty has reduced in Nyanza Province. But if you look at the Economic Survey, they attribute two projects to the 20 per cent poverty reduction - the Dominion Rice Project and the Millennium Development Village in Nyanza Province. That is a small village in Nyanza Province. Honestly, that cannot reduce poverty by 20 per cent. But you know that there is a bit of politics that the Government, as usual, is playing.

Mr. Speaker, Sir, poverty is there. All the reports that have been issued by Non-Governmental Organisations (NGOs) in the last one to two years, including the World Bank and the United Nations, have indicated that poverty is still above 55 per cent. Never mind the Government's integrated household survey which said that poverty is at 49 per cent in the rural areas. That is a major concern. We need not celebrate. There is still a lot of work to be done. The Minister needs to target poverty as the main thing that he needs to fight.

The other most important thing is inequality. We may be poor, but there is inequality which is more serious than poverty. In other words, one section of the community lives very comfortably and affluently while other sections of this country are surviving on wild berries.

This inequality is perfectly captured in a document that was issued last month. The document is known as Readings on Inequality in Kenya, published by the Society for International Development. I want to quote from it. It says:-

"The nature of public spending and operation of the credit market, regional distribution of recurrent expenditure and public employment policies perpetuate inequalities in Kenya."

These are not my words. They are the words of the experts who did the survey and published that report last month. Indeed, the manner in which we conduct ourselves, in terms of public expenditure, in our Budget, the way we allocate resources in this country and conduct the employment of senior public officers, is seriously contributing to gross inequalities in the lives of Kenyans.

Mr. Speaker, Sir, they recommended that we must develop a holistic, strategic approach to this. This calls for a major revision of our governance structures. We need to look at the values and principles in which our Government operates. These things were captured very well in the constitutional review process. Unless we address the issues of governance, we will continue having one section of the community living an affluent life and another in abject poverty.

Mr. Speaker, Sir, this inequality is what increases insecurity and causes the problems we have in this country. However, in his Budget Speech, in order to give that feel-good attitude, the Minister glossed over it. He said we are also reducing inequality because the Constituencies Development Fund (CDF) has gone up. That is not the way! What we need to hear from the Minister is that given that Turkana District has 95 per cent of its population living below the poverty line, the highest in the country, how is he allocating resources to it to address that inequality?

Mr. Speaker, Sir, when we start looking at the Estimates next week, we will be able to prove that, indeed, the Minister did not allocate resources based on that report or the fact that some areas really deserved more allocation. That is the way we can address this inequality.

Mr. Speaker, Sir, we are told, and very remarkably that the growth of the economy is 6.1 per cent. I think we need to be very positive. But we have asked time and again; what sectors of the economy have contributed to that growth? It is there in the Economic Survey Report. There are three key sectors which have contributed to the 6.1 per cent economic growth rate. These are horticulture, telecommunications and tourism sectors. These are sectors of the economy some of us call the elitists sectors. They are not for the ordinary *mwananchi*. That is why everywhere we go, people are complaining that they do not feel the growth and they do not see anything trickling to them. The Minister should be telling Kenyans which are the areas which have the major sources of decline in the economy. Perhaps, I think it is important we start looking at, not just the sectors that are doing very well, but at the sectors that are declining. Perhaps, those are the sectors which affect the common man most. Again, in the Economic Survey Report, these sectors are clearly stated. I will give examples; in the Properties and Business Services Sector, there was a growth of 32 per cent in 2002, while last year, it grew by only 3.2 per cent. The Minister needs to tell us why this is so. Secondly, we come to manufacturing, particularly food and beverages. In the Economic Survey Report, you will be surprised to know that it grew by 22 per cent in 2002 and only 5.9 per cent last year. It has been declining consistently. Some sub-sectors of manufacturing have grown, but the ones that deal with foods and beverages--- That is where most of these small sectors manufacturing companies have been declining.

Mr. Speaker, Sir, another important sector is transport. This sector has gone down from 19.5 per cent in 2002 to only 8.4 per cent last year. I think it is time we looked at those sectors that are critical to our people. When we talk of agriculture, we need to look at cereals and why we are not doing well. Why is the livestock sector not being addressed? This is a very important sector that contributes up to 16 per cent of the Gross Domestic Produce (GDP).

*[Mr. Speaker left the Chair]*

*[Mr. Deputy Speaker took the Chair]*

Mr. Deputy Speaker, Sir, transportation and construction sectors are all important. The construction sector that the Minister talked about and he said 1,000 dispensaries have been put up and so forth, and this is largely due to the Constituencies Development Fund (CDF). I would be appealing to the Minister to allow us to have an increase in CDF, so that we can have more constructions in the rural areas. The more there is activity in the rural areas, the more it will trickle down to the *wananchi*.

*(Applause)*

Mr. Deputy Speaker, Sir, the Minister was definitely giving his last Budget. He, therefore,

made sure that it was very ambitious. We have a Budget where spending far outstrips receipts! The total spending is about Kshs700 billion, yet, the total receipts from revenue, including the Appropriations-In-Aid (A-in-A), is only Kshs428 billion. That leaves a difference of Kshs260 billion. I am saying that one third of this ambitious expenditure, that is included in this Budget, will be financed through empty wallets. It is not money the Minister has received through revenue, but it is the money that he will largely receive from borrowing, debt roll-overs, external borrowed finances, donors and so forth and so on. These are things you will see when we look at the fine prints. Out of the Kshs680 billion, Kshs85 billion will be financed by donors. We are often told that the Budget is not financed by donors, yet, Kshs85 billion is expected to be financed by donors.

Mr. Deputy Speaker, Sir, we have domestic borrowing of Kshs34 billion. In last year's Budget, the Minister told us that domestic borrowing was to be Kshs29 billion. By May this year, that figure had gone to Kshs34 billion.

We also have commercial borrowing of Kshs20 billion and debt roll-over of Kshs69 billion. In other words, what I am saying is that, out of the Kshs700 billion expenditure, only Kshs428 billion will be financed directly by our resources. We have to live beyond our means and borrow in order to satisfy the growing appetite for spending by this Government. I think it is this over-expenditure or expansionary policy pursued by this Government which is contributing to the high inflation rates. We have to balance. Must we continuously expand expenditure at the risk of having inflation which is killing our people? I think we must be concerned about the common man out there and the effect inflation is having on his or her livelihood.

Mr. Deputy Speaker, Sir, in each of the three financial years; 2003/2004, 2004/2005 and 2005/2006, we find that the fiscal deficit has been rising. The Minister says the Budget deficit will be Kshs109 billion. This is the largest deficit ever recorded or presented in this House. He has to tell us that he will borrow. There are so many things hidden in this book. I want hon. Members to read it thoroughly.

The financial statements set out clearly how he will finance the Kshs700 billion. You will find that there is a huge amount of borrowing. Anything over and above the Kshs428 billion in revenues, he actually has to borrow. Public debts, which was only Kshs560 billion when this Government took over, is now almost Kshs800 billion. In this financial year alone, the Minister, out of Kshs700 billion, will pay Kshs128 billion to service debts. Out of that Kshs128 billion, Kshs46 billion is just interest on domestic debt alone. Where are we going? We are spending a lot of money and yet our people are starving. They are poor and yet we continue spending and spending and spending.

Mr. Deputy Speaker, Sir, out of the Kshs700 billion, Kshs491 or approximately Kshs500 billion is what we call the Recurrent Expenditure. This is known as consumption. Last year, the Economic Survey (ES) indicated that consumption accounted for 75 per cent of the total public expenditure of this Government. It is there in the Economic Survey. Consumption, in other words, the cost of keeping the Government--- The Minister has said that there is going to be fiscal discipline and that, indeed, he is going to contain the growth of total expenditure and domestic expenditure. Those are all quotes from his Speech. In the Economic Survey, we are told that central Government expenditure alone went up by 44 per cent last year when the revenue increased by only 19 per cent. We are living beyond our means and that is contributing to high inflation, which is killing our people. Inflation is making lives difficult for our people and yet the Minister does not seem to address the issue of inflation. Let me leave it at that and go to other issues.

Mr. Deputy Speaker, Sir, there are important sectors that this Government identified in the Budget Speech and which we agree with. The six key sectors which have received the highest allocation of the spending. We commend the Government for that, but there are very important sectors for the common man which have been ignored. For example, last year, we passed a policy



paper on the Small and Micro-Enterprises (SMEs). That policy paper contained a lot of things the Government will do in that sector, which accounts for 80 per cent of all the jobs in this country. It is the fastest growing part of the economy and yet the Minister comes here and says, "We are going to give out Kshs400 million to put up a market in Ngara." That is all. I think we need to be serious. Those are the sectors in which we need to put more resources! It is time we started providing for specific allocations to assist small-scale farmers for cottage industries and so forth.

Mr. Deputy Speaker, Sir, agriculture is another important sector. It accounts for 50 per cent of our Gross Domestic Product (GDP); 26 per cent direct and 24 per cent indirectly. That is 50 per cent of our GDP. Mr. Deputy Speaker, Sir, 50 per cent of whatever he calls revenue, indeed, comes from agriculture. We also know that 80 per cent of our people are in rural areas. They depend on agriculture yet when you come to the Budget, they receive Kshs29 billion. That is less than the additional money my friend in the Ministry of State for Defence was allocated in that Budget. It is even less than the incremental money that was given to the Ministry of State for Defence for spending. We need to invest money in serious sectors of our economy.

Mr. Deputy Speaker, Sir, with regard to education, I am happy on the waiver of tuition fees for secondary education and the increase in the number of teachers. This is very important, but it is also time we increased allocation to children. It is important that the Minister should actually set up a time-frame such that in the next three years, the total secondary school fees will have been taken over by the Government so that this year we have a waiver of tuition fees, and next year, the other portion of secondary school education. It is important that we do that. We should be cautious against passing all the savings from the secondary school fees to the tertiary institutions. This is because they are concerned that this Ministry will now increase fees for universities and other colleges. I think that is going to be a disaster.

Mr. Deputy Speaker, Sir, we will come to the Printed Estimates, but I want to say that there are some things there that need to be explained. For example, with regard to the Kshs41 billion that the Minister calls "equity participation in domestic non-financial enterprise", I think this lumpsum allocation of money is really causing us a problem because we are unable to understand what the money is going to do.

Mr. Deputy Speaker, Sir, with those few remarks, I beg to support.

**The Minister for Justice and Constitutional Affairs** (Ms. Karua): I rise in support of the Motion and I want to say this: For those who are lamenting that the Government is spending too much, it is important that we understand what Government spending entails. We should remember that there has been salary increase for civil servants, the Police Force and for all cadres, including this Parliament. Which spending do you want deleted? Is it Parliamentary salary? Is it Civil Service salary? Do you want a reduction on the Budget on security? When you talk of Government spending, you should understand that it is the very thing that you, yourself is utilising. Therefore, when you contribute, if you do not indicate whether you want less paid to those working in the health, education, water or even security sectors, then you better accept that the spending by Government is necessary.

Mr. Deputy Speaker, Sir, this was a pro-poor Budget and the policies are laudable. I want to congratulate the Minister for Finance. You will notice that personal tax was not increased and for a Government to expand revenue collection without increasing personal tax, then it shows that we are winning on issues of governance and the war against graft. It means that holes, where previously money was disappearing, are finally being plugged in.

Mr. Deputy Speaker, Sir, when we talk about the Constituencies Development Fund (CDF), sometimes, we Members of Parliament, talk as though it is money from Heaven or somewhere else. We talk as though this is not revenue from the Exchequer. When you laud the CDF and the work it is doing in your constituency, you are lauding Government efforts. CDF is a

direct injection into the economy of each constituency, and then the overall economy. When upwards of between Kshs60 million to Kshs100 million has been injected into each constituency in the last four years, it means that poverty levels in that constituency are being decreased. Even if we assume that only one contractor has got the job, that contractor will need to hire people to undertake the task. It means that it is not only job creation, but it puts food on the tables of so many. If we do not see the spiral effect of what the Government is doing, then we will keep lamenting about poverty.

Mr. Deputy Speaker, Sir, it is sometimes hard to see where some of the Government critics are coming from. How do you expect decline of more than two decades to be erased in four years? What has been done and achieved is simply amazing and it ought to be lauded! It is true that poverty is reducing. When people come here saying that the poverty index is 49 per cent without disclosing their sources, those are mere political statements. You should disclose where your survey was done and we shall know whether it is credible. In all the constituencies in this country, that is, countrywide, there has been more money flowing through the CDF. There has been an increase in bursaries afforded to students in secondary schools. There has been an increase in the roads Fund. There has also been several initiatives and monies are distributed having regard to poverty levels. So, there is affirmative action in budgetary allocation and this Government should be lauded for initiating policies that will see the inequalities of the past addressed. It is, however, unreasonable to expect that the inequality that has gone on for four decades can be eradicated in a space of four years. A lot has been done and a lot needs to be done.

Mr. Deputy Speaker, Sir, on the job market, we have heard a lot of dishonesty, especially from politicians going around claiming that only certain communities are hired. I think it is time we compiled the list of employees in all the Ministries. There is a Ministry you will find dominated by a certain community and another Ministry dominated by another community. Either it is a question of what specialities people have taken or it is an indication of the leadership that has passed through those Ministries. It is amazing that politicians stand to complain about their own actions. Those most guilty of tribalism now talk against tribalism when their actions clearly show that they are high priests of tribalism. A time has come, and a list is going to be published, and we shall know where the inequalities in job distribution and other issues are coming from. We shall be able to appreciate that all that this Government has done is try to address ills that are being perpetuated by the very people complaining, who, if given a chance, will return to their old habits.

Mr. Deputy Speaker, Sir, on the jobs created, who can deny that there is a construction boom all over the country? Construction does not happen without workers in the construction industry. Who can deny that our agricultural sector is doing well? All those farmers who are paid for their maize are going back to their farms. All the irrigation schemes which were dead, are now alive again. All those are jobs! When you are counting jobs, do not dare look only to the formal sector or public service. Just look at what is happening all round the country, including all the Constituencies Development Fund (CDF) projects. You will not need to ask anybody to do a survey. If you are honest, you will be admitting that more than 500,000 jobs are being created every year by this Government because of its policies and the direction that we are following.

When someone laments about the usage of the word "pockets of poverty", it clearly shows that we are not understanding concepts. The word "pockets of poverty" is not used to refer to any one region. It is used when in the midst of seemingly well to do people, you find pockets of poverty. You find few poor people living amidst riches. So, that even in Muthaiga, in Nairobi, you will find pockets of poverty. That is where you will find the slums. Even in Lavington, you will find something in the midst. You will find kiosk owners and people without habitation in the midst of seemingly booming prosperity. Where you find the poor, those are the pockets of poverty. The term has never been used in Government records or in any serious records to indicate either a

province or a whole community. It can only refer to incidences of poverty among well to do people. So, let us understand terminologies before we go to criticise the Government as talking of pockets of poverty.

Mr. Deputy Speaker, Sir, we have also been criticised about financing of the Budget. I want to ask hon. Members: Can anyone who lives within their means, please, stand up? We are all on loans, whether to finance motor vehicles, dwelling houses or even to finance your lifestyle. Loans are accepted for business, for the Government and even for individuals. The only crime a Government can commit is borrowing what it cannot pay. If our spending is Kshs700 billion and we are only borrowing Kshs100 billion, we are well within our means. We can say, as our credit rating is showing, if you do not want us to have such a large Budget, then, please, do not talk about the infrastructure in your area which you want improved. Perhaps, you want to tell us whether you want a percentage of children in your constituency out of school or whether you do not want teachers paid. This is a Government trying to finance progress in this country but doing so cautiously so that we do not bite more than we can chew. We have a record! We have shown that our tax collection is going up every year. We are almost over the 100 per cent mark. It is, therefore, not unreasonable for the Budget to have a deficit of Kshs109 billion. This is well within what we can take. There are so many things that have been neglected over the last 40 years that need to be done now and cannot wait. Whether it is matters of health, water or security, these are matters we must do today. Let us not criticise for the sake of criticising. Let us seek to understand the Budget and appreciate that we need to keep moving ahead.

Mr. Deputy Speaker, with those few remarks, I beg to support and laud the Minister for Finance and his entire team for a wonderful Budget.

**Mr. Bahari:** Thank you, Mr. Deputy Speaker, Sir. I want to take this opportunity to make my contribution on the Budget Speech. I want to appreciate the fact that we have seen reports showing growth of the economy, and particularly in the key sectors like agriculture and tourism. However, I must hasten to add that some of the growth that is mentioned is quite substantial, including the manufacturing sector. By any standards, this growth which is reported ought to be reflected and visibly seen on the ground. Unfortunately, the same is not true! Kenyans, everywhere you go and ask them, they will not be telling you of any growth. By any standards, 6.1 per cent growth in an economy is quite substantial. Even where there has been growth to the level of 7 per cent, you will visibly see the difference between when that growth was low and at the time you are being told it is 7 per cent. Recently, I was in Bombay, India. When I was reading about 7 per cent growth of the economy in India - I was last in Bombay in 1996 - and I saw the real difference. Even in terms of infrastructure and how that place has been turned round. I saw the same thing in New Delhi. So, nobody should come and convince us that a growth of 6 per cent in an economy will not be felt, unless the figures are manipulated.

Mr. Deputy Speaker, Sir, I want to go to the issue of inflation. I am not surprised that we are not feeling the growth of the economy as reported. We are being told of over 14 per cent inflation. These are Government figures! We know how conservative Government statistics is. In fact, in the private sector, they are normally not the most reliable statistics. You can, perhaps, factor in something else to plan better. So, it is a serious matter for an economist, a Finance Minister, not to mention how to control inflation. That is one of the very critical issues you have to address in any economy; how to balance inflation and growth. What they would normally refer to as the nice-age problems; where you have to balance that growth and inflation. I think the Minister needs to revisit that issue to address that matter.

Previously, the price of a kilogramme of sugar was only Kshs40. Now, it is going for over Kshs100 in most areas. That is an increase of many folds. In fact, it is an increase of nearly three-folds. It is, therefore, important that these issues, which affect the common person, must be

addressed. Figures alone will not help us go anywhere! Figures can always be "cooked".

Mr. Deputy Speaker, Sir, a lot of resources have been set aside for development projects. We have been told how the Treasury is expected to supervise that. The Treasury cannot do that! They have not done it before and they will not do it this time round. All those resources are going to waste or they will be unutilized. This is for a fact! The Treasury issues circulars which they forget about. For example, there is a quarterly report that all State corporations are required to submit to the Treasury. However, nobody looks at that report as an instrument of control and monitoring. So, we will remain assured that those resources will either go back to the Treasury or they will just be misused. It is, therefore, important that along with that, the capacity of the Treasury must radically change first before we even think of proper supervision from the Treasury to implement the new development projects as reflected in the Budget.

I come from a pastoralist area and I am very disappointed!

*(Mr. Muite stood up  
in his place)*

**Mr. Deputy Speaker:** What is it, Mr. Muite?

**Mr. Muite:** Mr. Deputy Speaker, Sir, I think the light has gone off.

**Mr. Deputy Speaker:** No! He has over six minutes.

**Mr. Bahari:** Mr. Deputy Speaker, Sir, I come from a pastoral set up and I am totally disappointed that nothing has been mentioned of that economy, other than something they called "disease free zones". Even on that, we have been hearing about it since 2003, when the African Development Bank was expected to fund that project. But nothing has been implemented.

Mr. Deputy Speaker, Sir, in fact, on the contrary, we have heard of a fever that has hit those areas and all the livestock has gone! I am surprised. Those are areas that have poverty everywhere. You know the saying: "Poverty anywhere threatens prosperity everywhere!" It is the high time that 80 per cent of pastoral areas be addressed with fundamental issues, so that we can turn round this economy.

Mr. Deputy Speaker, Sir, we have been told, in the Budget, about the increased earnings from tourism. The Minister needs to go further and tell us the number of tourists that visited us. If you compare our situation with Tanzania, you will realise that their numbers are very few, but their earnings are higher. There must be something fundamentally wrong in terms of how we declare the earnings that we receive from that area. So, it is quite important for the Minister to address very serious issues, other than just playing politics with the economy.

Mr. Deputy Speaker, Sir, I want to repeat again that in the pastoral areas, we nearly lost over 90 per cent of our livestock. Those people are now purely dependant on relief food. That is a very dangerous situation. It is a crisis. During this dry spell, you can actually see how it has affected the people on the ground. Children are not going to secondary schools in those areas. It is high time the Government looked into ways and means of waiving fees in the pastoral areas. There is no way you can give relief food to a parent and then expect that parent to pay fees. How does that happen? It is completely illogical! Unless they sell the relief food that they get and pay school fees. You starve and pay fees. So, it is important for the Government to seriously address that problem. It can give grants to those schools. What is happening in Turkana has been reported in the Press. It is also happening in all other pastoral areas. It is very dangerous. The Minister has not addressed the issue of restocking for those pastoralists. That is what they know best. They cannot do anything else.

So, the first emergency measure that ought to have been taken, and which should have been considered in the Budget, was to find ways and means of restocking for those pastoralists. That is very critical. Once they have the minimum, they can pick up from there.

Mr. Deputy Speaker, Sir, the pastoralists are very poor. Those are not pockets! They are zones. They are yellow zones because, continuously, those fundamental issues have not been addressed. The issue of slaughter houses-- Even the few livestock they are able to sell, they have to transport them all the way to Dagoretti and Kenya Meat Commission (KMC). If those slaughter houses were put up in those areas, it would have been better. They are not very costly. We can afford to put them up. This is a Kshs700 billion Budget. What would it cost to put up a slaughter house in Isiolo, Wajir and Garissa, so that we could stop transporting live animals from those areas? It does not add any value to transport livestock. If anybody was concerned about those areas, those are the issues that we need to fundamentally address.

With those few remarks, I beg to support.

**Mr. Muite:** Mr. Deputy Speaker, Sir, there are three issues that I would like to comment on, in my contribution.

The first one is: Back in 1997, this House enacted the Retirements Benefits Authority Act. If you remember, that statute compulsorily brings all the retirements benefits, even from the private sector, under the Retirement Benefits Authority. Back in 1999, I think via the Finance Bill, we amended the Retirements Benefits Authority Act and put in a clause which stipulated that when an employee is retrenched, retires or, otherwise, resigns, that employee cannot access his or her benefits under the Retirement Benefits Authority until that employee reaches the age of 55. If an employee is retrenched at 38 or 40 years, that is the age at which that employee most needs that money in order to go and start life afresh or to start a business. That is the age at which that employee has got his or her children in school or at the university. That is when that employee needs that money either to start life afresh, start a business or pay for the educational expenses of his or her children.

Mr. Deputy Speaker, Sir, That clause is thoroughly unfair to the family and children of the person who has been retrenched. We are denying them access to what is, after all, their money. We tell them to wait for another ten or 15 years in order to give them their money when they reach 55 years. What is the reason? The reason given is that if you release that money to that employee, he or she is going to squander it. If a person has not learnt how to spend his or her money or how to be careful with money at the age of 40 years, he is she is not going to learn at all. Are we not patronising? Even in the worst case scenario, if she or he wants to squander that money in whatever way, who are we to deny that employee that opportunity? Majority of people will not squander that money.

Mr. Deputy Speaker, Sir, I regret that, despite many contributions made on the Floor of this House by various Members, pleas to the Minister for Finance to reconsider that clause and repeal it so as to make it discretionally--- Give the owner of the money who has been retrenched the right and option to access the money. If they want to leave their money, that should be their decision. But despite many pleas, I see that the Minister is proposing amendments to the Retirements Benefits Authority Act, but he is not proposing the repeal of that particular clause. I would like to make a special appeal, through you, to hon. Members: I have already given a note to amend this Act so as to repeal that particular clause so as to give the option and discretion to the person who is retrenched to either get his money or elect to leave it with the Retirements Benefits Authority. I hope that, that is an issue we should address.

Mr. Deputy Speaker, Sir, the second issue on which I would like to comment is the powers that the Minister seeks to give to the very good Commissioner-General, who has done an excellent job; we all agree. He has increased the collection of revenue to new heights, and we pay him compliments for that. But let us not get carried away with emotion. These powers that we are seeking to give him are draconian; they are imperial. The power to sell somebody's property within 14 days through an *ex-parte* order; is it really, what we want? Without personalising the issue, Mr.

Waweru has done a good job. But do we know who is going to be the Commissioner-General tomorrow? There are adequate powers under the law. As you are aware, even in this House, there are some hon. Members whose emoluments the Commissioner-General is taking in full to repay tax. There are enough powers.

Let us respect the sanctity of property guaranteed in the Constitution, Section 72. Let us respect the due process. I would appeal to the Departmental Committee on Finance, Planning and Trade to scrutinise these powers and these provisions, and consider whether it is wise, and in the interest of the public and this country, to give the Commissioner-General those powers. I would plead with that Committee to bring an appropriate amendment so that those powers are tamed, or are deleted from the proposed legislation.

Mr. Deputy Speaker, Sir, the third and final issue is that when power is given to a Minister, that power is supposed to be exercised objectively, in the public interest, and is not to be exercised in a discriminatory manner. If it is exercised in a discriminatory manner, it is not right for members of the public. Last year, the Departmental Committee on Finance, Planning and Trade brought amendments because the Kenya Breweries realised along the line that they had neglected a segment of the market of the low-income earners. These low-income earners are human beings like you and I. They will want to attend marriage ceremonies for their daughters; they want to sit down with their in-laws. These low-income earners, who may not afford the whisky, the Chivas Regal or the Martel Brandy that you and I may be able to afford and enjoy, also want to relax and to have a drink, which they can afford when they are discussing marriage rituals relating to their children. They are also human beings. Therefore, some local industries like Keroche Industries identified that niche of the market, which was neglected by the Kenya Breweries and came up with their fortified wines. Let us not confuse the abuses that were used by some other people, not the Keroche Industries, and come up with affordable wines targeting these low-income earners, so that they do not go taking poisonous drinks.

Mr. Deputy Speaker, Sir, the fact of the matter is that the Kenya Breweries realised suddenly that there was potential here for this low-income market, and came up with this Senator beer, which is called in Central Province "*njohi ya bombo*", because it is pumped out of a container. It is as dangerous as some of these other brews. Our young men and women drink it to over-indulgence because they can afford it and, in fact, there are very many complaints.

What I am saying is that while that issue of drunkenness is a separate social issue to be addressed, what about taxation? Can one argue that it is fair for the Minister to favour one competitor, the Kenya Breweries, by zero-rating the Senator beer and imposing a tax of over 60 per cent on Keroche Industries? This is what he had done last year; this is what he is doing this year; it is wrong to favour one industry against another, particularly the Kenya Breweries, whose 60 per cent shares are held by M/s Guinness, which is a foreign company. So, its dividends leave the country. At least, Keroche Industries is 100 per cent Kenyan and their dividends circulate here. I would urge the Departmental Committee on Finance, Planning and Trade to consider that and, if possible, bring in the necessary amendments. We must not use the law in order to advantage one against the other.

With regard to the powers that the Minister is seeking to give to the Commissioner-General, let us be cautious. We do not want powers that can be used selectively to settle political scores. If you give the Commissioner-General powers to auction people's property within 14 days, that is a power that can be abused by being used selectively to settle political scores.

With those remarks, I beg to support.

**Mr. Sungu:** Thank you very much, Mr. Deputy Speaker, Sir. I also want to make a few comments on this Budget debate.

Mr. Deputy Speaker, Sir, some British statesman once said there are lies, damn lies and

statistics. In other words, statistics do lie. I wish to take issue with the Minister with regard to his statistics on poverty level in Nyanza particularly. He says that the poverty levels in Nyanza has gone down. In real and absolute terms, this is not true, as we know it, because we come from the ground. In fact, they are poorer than even at Independence. The ever increasing gap between the poor and the rich in this country concerns me. The Minister has not taken any step whatsoever to try and reduce this gap. Instead, we see measures meant to increase that gap between the rich and the poor. The single worst failure of this Government, and I am a member of this Government, is the billions that have been lost from the public coffers through Goldenberg and Anglo-Leasing and other such scams. History will judge us very harshly, as a Parliament, as a people, as leaders and as a Government, because there is nowhere on earth where somebody can rip, pillage, rob and take at will from the public coffers and go away scot-free. The other day, I was most disappointed to read a statement from the Director of the Kenya Anti-Corruption Commission that we will never be able to recover that money. If these people go unpunished, it means there is going to be a tendency to encourage such thefts because people will know they can get away with it. Crime must be punished, because if it is not punished, there is encouragement to continue with it.

Mr. Deputy Speaker, Sir, the Budget has ceased to become a policy document, and it talks about promises that the Government has made. I hope that this Government intends, and has the will and the capacity, to keep those promises. For example, talking about the infrastructure, I said the other day in this House that in the western part of this country and, in fact, in most parts of this country, there are actually no roads. I do not remember a time ever in this country when roads were so bad. We know for certain that some of these roads are being funded by foreign donors. The money has been given to the Government, yet the procurement procedures are taking so long. Our roads have become impassable. It used to take four hours to get to Kisumu through Nakuru. Right now, it will take you eight hours. Some of the buses have now taken to going through Narok. This is unbelievable in a country which only about five years ago, used to have better roads. This is why we want to ask our leaders to travel down in the country using their own transport on the ground, so that they can see for themselves rather than use aircraft, which we have not even known how to manufacture.

Mr. Deputy Speaker, Sir, I notice that there is going to be some increased emphasis on agriculture. I want to say that, in fact, let us look at our situation as it is. It has been shown that rainfall patterns in this country are unpredictable. It is now necessary to focus on irrigation as a means of increasing agricultural production. A good example is where I come from, the Kano Plains. Only a small portion, roughly speaking, about 2 per cent of the Kano Plains, is now irrigated through the Ahero Irrigation Project. If only we could put more of that land under irrigation, we will never need to import rice or any of these products that we are importing at the moment. It is common knowledge that with the kind of heat that we have, we have more production if water is available.

On the issue of security, I want to say that despite the fact that we are craving for modern equipment - it is laudable to increase the number of policemen and provide them with better housing but I do not believe this will provide a panacea for addressing insecurity in this country.

Mr. Deputy Speaker, Sir, we must address some of the social inequalities that exist in our society to be able to solve these problems forever. We must improve the livelihoods of our people. We must also reduce poverty. We must provide jobs and we must give our people equal opportunities. We must give the people some hope. It is not good for you to have three meals a day when your neighbour is not able to feed his children. This person will rob you. Therefore, it is important that this Government considers actual measures to reduce the gap between the rich and the poor. When doing so, we must also address the issue of regional equity. We have the Constituencies Development Fund (CDF) which attempts to address the regional equity. However,

it consists only of 2.5 per cent of ordinary Government revenue. This means the other 97.5 per cent of our revenue is still unaccounted for. This must also be looked at in terms of regional equity.

Mr. Deputy Speaker, Sir, soon we will be debating the question of taxes when the tax proposals are tabled before the House. However, I want to take issue with the Minister for exempting the Sugar Development Levy (SDL) on imported industrial sugar. This action amounts to actually discriminating against local producers. There is no country in this world which does not protect its own industries. What rationale is there to remove duty which, in fact, is revenue to the Government from imported industrial sugar when our sugar still attracts that same duty? This amounts to discrimination against our local producers. I am discouraged. I wish to say that when the tax proposals are brought before the House, those of us from the sugar producing areas, shall vehemently oppose it.

Mr. Deputy Speaker, Sir, with respect to the Minister's spirited defence of the deficit financing and as somebody who studied economics a long time back in the 1970s at the University of Nairobi, I know the deficit in financing encourages inflation. No wonder inflation rates in Kenya are now in the double digit rate.

Mr. Deputy Speaker, Sir, the matter of trying to increase the capital base of insurance companies and banks will tend to lead to monopoly situations. This may not be good for the country because we need to discourage monopolies. The fewer the firms that operate in the economy, the worse for us in terms of those who want to consume these services that they provide.

Mr. Deputy Speaker, Sir, I also would like to say that the implementation rate of Government projects is very poor, indeed. On 30th June, many Ministries will be returning money to the Treasury. This is a shame. We need to have this country developed.

Mr. Deputy Speaker, Sir, in my own case, I have a bridge project which is under construction, but the kind of procurement procedures that are involved, I can see a situation whereby the money which has already been given to the District Treasury being returned to the Treasury. This will result in delays and this project might not be completed. That kind of thing is not acceptable to us. We want to ask this Government to ensure that when projects are approved, they are implemented quickly so that people can enjoy their benefits.

Mr. Deputy Speaker, Sir, with those few remarks, I beg to support.

**The Assistant Minister for Trade and Industry** (Mr. Miriti): Thank you, Mr. Deputy Speaker, Sir. I stand to support the Budget Speech. I congratulate the Minister for Finance for a very balanced Budget and for the performance which has been witnessed in this country in the last four-and-a-half years.

Mr. Deputy Speaker, Sir, some of us have found this Budget too ambitious. However, depending and based on the already recorded performance in this country and what we have realised in this country, this Budget is realistic and, indeed, it will be proved true. It will be real. What has been said will be actualised because, in the past, we have seen very good performance in this country.

Mr. Deputy Speaker, Sir, some of us also have challenged the economic growth. Indeed, one hon. Member here said that he visited India and saw the economic growth which he has not seen here. I really do not understand what he means by visiting India and seeing that it was growing. I do not know how one can witness growth in one or two weeks, or even if he stayed there for a month. It means that some of us are, indeed, living in Kenya, but they do not know what is happening here. One just needs to walk around the streets of Nairobi, if he was here before 2002 and see what changes have taken place. One needs to visit schools in Kenya and see for himself what has happened throughout the country.

In fact, there has been a revolution in the education system. One needs to visit the Kenya Meat Commission (KMC), Kenya Airways and also move around to see what has happened in this



country in terms of economic improvement. This can only be witnessed with the improvements in various sectors. One needs to know how much money public servants are getting in terms of salaries and allowances to know that we have realised economic growth in this country.

Mr. Deputy Speaker, Sir, I also want to congratulate the Minister for Finance for addressing the issue of employment of teachers. I need to caution him that while teachers have been employed in the past in this country and while we have followed the quota system, there are areas which have been neglected completely. There are districts where teachers who completed their training programmes as early as 1996 to 1998 have not been employed because of the quota system.

I would like to ask the Minister for Education, once he gets his allocation, to make sure that he employs those teachers who completed their courses earlier than others. It is not fair to employ teachers who completed their courses in 2006 when we have teachers who completed their courses in 1996/1997 still waiting. We need that equitable distribution addressed.

Mr. Deputy Speaker, Sir, there is the issue of cigarettes. The Minister said that he wanted to promote equity within the cigarette industry by categorising the existing brands of cigarettes. He imposed taxes based on the categories "B", "C" and "D" and each category had its own share of tax. I would like him to look at it very closely. This is because by so doing it appeared as if he was favouring some companies while punishing out others. Some companies might have to shoulder very heavy tax burdens, while others will be rejoicing and making more profit. So, let the Minister for Finance look at that, because Kenyans have seen what has happened and they know exactly what is taking place.

Mr. Deputy Speaker, Sir, we have seen very good performance in revenue collection. I want to congratulate the Kenya Revenue Authority (KRA) for the very good work done. It is through that big achievement that revenue collections have gone up from Kshs210 billion to Kshs376 billion; no wonder the Budget is being seen as ambitious. This is because when there is such collection, there is a lot of improvement in development.

We have seen a lot of work being done in this country in the water development sector. I am surprised that my colleagues from pastoralist areas are complaining when, in fact, we know that most of the money in the Budget is going to those areas in terms of the Arid and Semi-Arid Lands (ASAL) programmes, water development and energy development. I understand that almost every school has got solar panels. A lot of work has been done in these areas with the money collected from the taxpayers. It is important for those who benefit from Kenyan taxpayers' money to appreciate it, rather than to continue complaining.

Mr. Deputy Speaker, Sir, Kenya has resolved to be a working nation. But, surprisingly, I think there is quite a sizeable number of Kenyans who have refused to work. In fact, most of those who do not work are the biggest and major complainants. They just stay idle and wait for Government support. They should realize the fact that the money which they ask the Government to release in order to develop their areas with, is raised from the workers. It is raised from those people who do not waste their time, but spend it working in order to earn money which is finally taxed. So, all Kenyans should work hard, so that we can improve and develop this country.

Mr. Deputy Speaker, Sir, we know that we have realised many achievements within a very short time. In Kenya, today, medicine to cure malaria, tuberculosis and anti-retroviral drugs are provided free-of-charge. Likewise, maternity services are free. We have also seen a lot of development in various sectors including roads, energy, water and education. The Kenya Meat Commission (KMC) and Kenya Co-operative Creameries (KCC) were revived. Also, sugar and coffee farmers are getting more money. That is a great achievement in terms of the performance of this Government.

Mr. Deputy Speaker, Sir, we have seen people getting employment by the day. All those economic improvements are a confirmation that jobs have been created and more Kenyans are

working. Anybody who says that Kenyans are not enjoying better employment opportunities is, really, not a very good observer.

Mr. Deputy Speaker, Sir, because of the improved image and state of security in the country, and the success achieved in the war against corruption, so many tourists continue to come into our country. Most of the hotels are full. If you speak to any hotelier, he will tell you that everything now is fine.

Even in the manufacturing industry, there have been a lot of achievements. Kenya is continuing to grow. Because of what has happened to the KMC, so many pastoralists have increased their stock. What I would ask the Minister for Finance to do is to consider restocking animals in North Eastern Province, as has been said here severally, because of what it went through during the period we experienced famine and bad weather. We can only improve the lives of our people if we could encourage them to get involved in higher production. We can only encourage them by assisting them to re-stock.

Mr. Deputy Speaker, Sir, a lot of work has been done in fighting poverty in this country.

**Mr. Deputy Speaker:** Your time is up!

**The Assistant Minister for Trade and Industry** (Mr. Miriti): Mr. Deputy Speaker, Sir, with those few remarks, I beg to support.

**Mr. Lesrima:** Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to the Budget Speech.

I must commend the Minister for his efforts to reduce the various licences at very high speed. But he still has a long way to go, in order to eliminate many of these business licences, because they discourage investment and encourage economic stagnation.

Mr. Deputy Speaker, Sir, there are a number of players who are involved in the implementation of these licences. Notorious of these players includes the Nairobi City Council (NCC), where we have inspectors who harass people, especially, in Industrial Area, by demanding all sorts of licences and regulations to do with the factories that they have there.

Mr. Deputy Speaker, Sir, it is very disappointing to note that a successful youth programme will only get an additional Kshs250 million. Although the Minister can be commended for introducing the Women Enterprise Development Fund, the amount allocated to it will make very little impact. We have already seen the impact of the Constituencies Development Fund (CDF) at the grassroots level, which can be felt. So, when we provide Kshs2 billion for the Women Enterprise Development Fund and Kshs1 billion for the Youth Enterprise Development Fund, the impact is going to be very little. However, we look forward to this Women Enterprise Development Fund and hope that the Government will implement it, the way it is applying the Youth Enterprise Development Fund. We have begun to hear voices that the Maendeleo ya Wanawake Organization thinks that this is going to be its fund. It will not be so because that is a divided Non-Governmental Organization (NGO) with very little capacity and bad record in many places, corruption and misuse of the facilities that they have.

I do hope that they will copy from hon. Dr. Kuti in terms of implementation and involve the legislators and established financial institutions in the country, like the Kenya Women Trust Fund. In fact, the ladies have taken advantage of the Youth Enterprise Development Fund which is in operation now, and they are accessing the Fund 15 times more than the young men.

Of course, we will talk about the additional duties in the Finance Bill. But, I must say that the 20 per cent increase in duty on second-hand spare parts is not a very good thing for the common man. We are told that the Minister intends to reduce road carnage by imposing this tax, but spare parts will still come into the country, anyway. However, most accidents in Kenya are caused mainly by bad roads and bad driving on the part of many Kenyans.

Mr. Deputy Speaker, Sir, on security, yes, it is good to increase the number of policemen.

But I think it is important also to think about the welfare of those who are already working, in terms of their housing, salaries and transportation. You will find that in Samburu District, for example, we have a District Commissioner who is in charge of security and, yet, he does not have means of transport.

In terms of security, I think this country is benefiting a lot from tourism. An hon. Member alluded to success in the tourism sector. Indeed, it is true, but we need to realise that tourists come to this country to view wildlife. Wildlife is found in pastoralists area. In fact, the bulk of wildlife, more than 70 per cent, is found outside protected areas or national parks. This is the same land which is occupied by pastoralists, and yet when you look at the trickle down effect of the billions earned from the sector that go to the pastoralist communities, it is very little. I want to join hon. Bahari in saying that this Budget is not pastoralists friendly. Pastoralists also work very hard and pay taxes. We are not lazy people.

With regard to roads, it was very sad to learn from the Minister for Roads and Public Works that although monies have been put in the roads sector, the capacity to construct the roads is lacking due to shortage of engineers, consultants and contractors in the country. This is a very sad situation. The Government needs to address this issue very seriously and critically to see if we can get external support in terms of implementation of the roads sectors project. It is sad to say that, indeed, even if we had Kshs160 million to repair roads, we do not have contractors.

Mr. Deputy Speaker, Sir, with regard to the aid policy, we need to seriously think in terms of our capacity to absorb funds that have been allocated. It has been indicated that there will be more than Kshs80 billion from donor funding. I am sure that only about 40 per cent or 50 per cent of those funds will be utilised mainly due to donors having interests in certain parts of the country and sectors. It is time that we came up with our own aid policy and have a say on where donors should go and what sectors they should address and what procurement policies should apply. That is the biggest problem we are having in aid absorption.

Mr. Deputy Speaker, Sir, it is good to learn that county councils will also be reading their budgets in public. This is long overdue. We need to have our county councils being more transparent. As you know, most clerks carry cheque books in their pockets. Most of them do not keep proper accounting books. Their books have not been audited for many years. We need to take action on that.

Mr. Deputy Speaker, Sir, with regard to this particular Budget, more than 7 per cent of the Budget is not transparent. I wish the Minister of State for Defence was listening to me.

The Budget for the Ministry of State for Defence is not transparent. There is no reason why people should not know how much money goes to the Ministry of State for Defence. That is not good. There is some secrecy surrounding the budget for the Ministry of Defence. There are no secrets any more. One can get that information from journals and the internet. People should know how much we are spending in buying military wares. We need to open up the budget of the Ministry of State for Defence so that we support areas that have to do with the welfare of our soldiers, for instance, buying boots, uniforms, taking care of their quarters, transportation, maintenance of their lorries, among others.

Mr. Deputy Speaker, Sir, with regard to the National Security Intelligence Service, it is a one line budget of Kshs6 billion. This information is not adequate. We need to have it broken down so that we know how much the NSIS officers earn in terms of salaries. What is so secretive about the one-line budget? What do these people do? The officers only listen to our mobile phone conversations, and yet there are no secrets any more. What there is---

**The Assistant Minister for Trade and Industry** (Mr. Miriti): On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the hon. Member to attack an institution which, internationally, is recognised as secretive?

**Mr. Deputy Speaker:** Mr. Miriti, you had an opportunity to say what you wanted to say. The hon. Member has a right to say what he wants to say as long as he is not breaching any Standing Order.

Proceed, Mr. Lesrima!

**Mr. Lesrima:** Thank you, Mr. Deputy Speaker, Sir, for saving me from a former Nyayo House Chamber torturer! Those days are now gone and---

*(Laughter)*

**Mr. Deputy Speaker:** Order, hon. Members!

**The Assistant Minister for Trade and Industry** (Mr. Miriti): On a point of order, Mr. Deputy Speaker, Sir. I saw the direction the hon. Member was taking. Is he in order to talk about things he does not know? I have never been in Nyayo House. He knows that very well. He has been [**The Assistant Minister for Trade and Industry**] a civil servant and a Permanent Secretary in the KANU regime and he was part of the torturers.

**Mr. Deputy Speaker:** Mr. Miriti, two wrongs do not make a right. You rightly stood up on a point of order to question some allegations which had been made against you. You should just have stopped there so that I can ask Mr. Lesrima to withdraw the remarks he made, that Mr. Miriti used to be at Nyayo House Chambers.

**Mr. Lesrima:** Mr. Deputy Speaker, Sir, this man hates---

*(several hon. Members stood up in their places)*

**Mr. Deputy Speaker:** Order! Order! Let me deal with Mr. Lesrima first. Even if his time is up, the record must be put straight. Mr. Lesrima, you said that Mr. Miriti is a former "Nyayo House Chamber torturer," and Mr. Miriti has denied that. That was not right. Would you withdraw that remark?

**Mr. Lesrima:** Mr. Deputy Speaker, Sir, this man was a Provincial security officer in the Rift Valley Province, and he has some hatred for my community---

**Mr. Deputy Speaker:** Order, Mr. Lesrima! What did you say?

**Mr. Lesrima:** He has reflected that in his contribution all along---

**Mr. Deputy Speaker:** Order! Order! Mr. Lesrima, you know that, that statement, directed towards an hon. Member is totally out of order. If you wish to make such allegations, you should bring a substantive Motion and we will debate on it. Otherwise, would you withdraw that remark?

**Mr. Lesrima:** Mr. Deputy Speaker, Sir, I withdraw.

**Mr. Deputy Speaker:** Very well!

Yes, Mr. Wamwere!

**The Assistant Minister for Information and Communications** (Mr. Wamwere): Bw. Naibu Spika, nakushukuru kwa kunipa nafasi ili nami nichangie Hoja hii kuhusu Bajeti. Ningependa kufungua kwa kusema kwamba Bajeti hii ni muhimu sana kwa sababu ndiyo Bajeti inayofunga kipindi cha utawala wa NARC. Inadhihirisha mambo ambayo Serikali iko tayari kufanya na yale mambo ambayo haiko tayari kufanya.

Bw. Naibu Spika, kuna jambo moja ambalo lilininitia wasiwasi na likanifanya nione uchungu. Kama mmoja wa wale walioteswa wakati wa utawala wa Serikali ya KANU, nilidhani na kuomba kwamba Serikali hii ingeiwezesha nchi hii kuwa na Tume ya Kweli, Haki na Maridhiano ili tuweze kusameheana; wale tulioteswa na wale waliotutesa. Kama tungelifanya hivyo,

tungeiletea nchi hii amani ambayo yaonekana itakuwa ngumu kupata na tutaendelea kuchukiana, kudharauliana. Sijui ni kwa nini Serikali haikuruhusu tuwe na Tume ya Uhuru, Haki na Maridhiano.

Pili, ningependa kusema kwamba kulingana na yote tuliyosomewa na Mhe. Kimunya, ni wazi ya kwamba vita dhidi ya ufasidi vimekorora na sioni kama vitaendelea. Nimesema hivyo kwa sababu huwezi kupigana na ufasidi kama huna ujasiri wa kuwashika wafisadi na kuwafunga.

Sikusikia juu ya juhudi za kuwashika wafisadi na kuwaweka ndani. Tulichosikia ni mambo ya kuunda taasisi na sheria za kuzuia ufasidi. Namna pekee ya kukomesha ufasidi ni kushika wafisadi, kuwafanyia kesi na kuwafunga.

Bw. Naibu Spika, mtu wa pekee ambaye amewahi kufungwa jela kwa sababu ya ufasidi; mtu mkubwa katika nchi hii sasa inabaki ni yule mama, Dr. Gachara. Wengine wote wameponyoka, na hawa ndio sasa wanatafuta uongozi wa nchi hii.

Naomba kusema ya kwamba, tukishindwa kupigana na ufasidi, tusijidai kwamba tutaweza kupigana na umaskini katika nchi hii, kwa sababu, kitu kinachokuza umaskini kwa namna kubwa sana ni kitu kinachoitwa ufasidi.

Bw. Naibu Spika, kitu kingine Ambacho nataka sema na kilichonisikitisha ni kwamba, tunataka kuuza makampuni ya umma ili tuweze kupata pesa kiasi Kshs36 bilioni. Nataka kusema ya kwamba, kiitikadi, mimi sikubaliani na falsafa ya kwamba, ni lazima makampuni yapewe watu binafsi ndio yaweze kustawi. Naamini kwamba hata makampuni ya Kiserikali na umma yanaweza kusimamiwa kwa namna isiyo na ufasidi na yakastawi. Hili wazo la kusema kuwa ni lazima makampuni ya umma yote yapewe watu binafsi ni juhudi na njama ya kuhakikisha kwamba utajiri wa nchi unapewa watu wachache. Sikubaliani na jambo hili. Kama tunapigana na ufasidi, sio lazima tuwauzie watu binafsi makampuni yetu yote. Haya ni makampuni yaliyojengwa na juhudi na jasho ya walio wengi. Kwa hivyo, kurudi kuwapatia watu wachache makampuni hayo ni kuwakosea walio wengi.

Bw. Naibu Spika, jambo lingine ambalo ningetaka kugusia ni kuhusu Ruwaza ya 2030, yaani "*Vision 2030*". Tumeambiwa kuwa hii ndio itakayotufikisha huko Canaan. Maoni yangu ni kwamba hii "*Vision 2030*" haiwezi kutupeleka kokote. Ninasema hivyo kwa sababu tumeandikiwa hii "*Vision 2030*" na wageni. Watu ambao hawawezi kujiandikia ndoto yao; hawawezi kujichorea ruwaza hawajui--- Lazima wawaite wageni wawaonyeshe njia ya kufika kule watakapokwenda, watu aina hio hawawezi kupata maendeleo. Wengi watabisha, lakini naona hakuna wanaobisha, kwa sababu wanajua kwamba hii ruwaza tuliandikiwa na wageni; kampuni inayoitwa Mackenzie & Company.

Nashindwa, kwani sisi hatuna wataalam ambao wanaweza kuandika ruwaza yetu, mpaka tumeenda Afrika Kusini. Tunakwenda kwa makampuni ya Waingereza kuwaambia watutilie mwanamke mimba ndio tuweze kupata mtoto. Sisi tumekuwa tasa! Ukipata bibi ushindwe kuzaa naye na umpatie bwana mwingine akutilie huyo bibi mimba, ujuwe kwamba mtoto atakayepatikana pale sio mtoto wako. Sisi tunaonyesha kwamba hatujiamini hata kidogo. Eti ni lazima tuende kwa wazungu. Kitu kibaya zaidi ni kwamba wazungu hawa wanawachukua watu wetu, wanawapa kazi ya kuandika haya, lakini moyo unakuwa ni ule wao. Ni kama tumesahau ya kwamba vita kati ya nchi bado zinaendelea. Vita vya kiuchumi kati yetu na nchi za magharibi vipo na vitaendelea kuwepo. Hatuwezi kusema ya kwamba tunakwenda kwa wageni ndio watuonyeshe namna ya kushinda vita hivyo.

Bw. Naibu Spika, "*Vision 2030*" ni usalata mtupu. Haifai kuandikiwa ruwaza hii na watu wa nje. Tuna akili na uzoefu wa kutosha, sisi ndio wenye taabu, sisi ndio tunatafuta uokovu, kwa nini turudi tena kwa mzungu? Kwa nini? Natumai kwamba Bw. Kenneth, kwa sababu yuko hapa, atatumia swali hili. Kwa nini wakaenda kwa wazungu kuwauliza wawaandikie? Waliwalipa pesa ngapi ndio watuandikie ruwaza hii? Ningetaka kujua tulitumia pesa hizo kwa nini. Je, ni kwa sababu hatuna wasomi, wazalendo au fikra? Kwa nini tulifanya hivyo? Hayo ni maswali muhimu.

Bw. Naibu Spika, jambo lingine ambalo nataka kutaja ni kwamba, zile Kshs1 bilioni ambazo zilitengwa kwa minajili ya kuwatafutia mashamba wale wasio na mashamba, hazitoshi. Tuna mamilioni ya maskwota ambao hawawezi kutafutiwa mashamba na makao na Kshs1 bilioni. Pesa hizi hazitoshi. Mashamba yamejaa hapa. Tunamwona Bw. Delamere ambaye ana mashamba kutoka Naivasha hadi Nakuru.

Kule Laikipia, Wamaasai wanakosa pahali pa kulisha mifugo wao kwa sababu wazungu wamekalia malaki na malaki ya mashamba yetu.

Aidha tuna haja ya kuendeleza nchi hii au hatuna. Lakini hatuwezi kundeza nchi hii kama watu wachache wataendelea kumiliki malaki ya mashamba na mamilioni ya watu wetu wanabaki maskwota. Hawana pahali pa kuishi na hata pahali pa kuzikwa au kulima mboga. Hii Kshs1 bilioni haitoshi chochote; ni tone katika bahari.

Bw. Naibu Spika, natumai kwamba Bw. Kimunya hajasahau kwamba kuna watu waliofukuzwa kutoka kwa mashamba yao, ambayo waliahidiwa na Serikali hii kwamba watatafutia ardhi ingine na mpaka sasa tunaendelea kumaliza kipindi hiki na watu hawa hawajapatiwa chochote. Bajeti hii, kama ilivyosemekana, ni Bajeti ya kutafuta kura, basi ni lazima Serikali ijue kwamba hata wale waliofukuzwa kutoka kwa mashamba yao wana kura. Serikali hii haitapewa kura tu kwa kuahidi kwamba wako na Kshs1 bilioni, ambazo hatujui zitatumiwa kwa namna gani.

Nakubaliana na profesa mmoja ambaye nilimsikia akiongea hivi majuzi, akisema kwamba, kama hatuna mabadiliko ya namna ya mfumo wa kumiliki ardhi, hakuna wakati tutafikia maendeleo yaliyofikiwa na nchi kama Malaysia, Singapore na nchi zingine. Ninakubaliana na wazo hilo kwa sababu kuna watu wanapenda sana kuhepa swala la umiliki wa ardhi kwa sababu wao ni mojawapo wa wanyakuzi wa mashamba haya na wanataka tuamini kwamba nchi inaweza kuendelea wakati mashamba yanamilikiwa na wachache. Hilo halitawezekana daima, na hatusemi kwamba lazima kila mtu apate shamba ili nchi iendeleo, lakini kabla ya sisi kujaribu kuaminisha watu ya kwamba wategemee viwanda ndio waweze kuishi, kwanza, ni lazima mashamba tuliyo nayo na hayafanyiwi kazi yapewe wale hawana mashamba.

Bw. Naibu Spika, tena kuna miji ya mabanda; Kibera, Mathare, Korogocho na miji mingine. Unastahili kwenda Mathare na Kibera ndio uone umaskini uliokithiri pale. Ni umaskini mbaya kuliko umaskini ulio jehamu. Na hakuna pesa zozote ambazo tumetenga za kupigana na umaskini ulioko kule. Unashindwa, Serikali---

Namuomba Bw. Kimunya asafiri au afanye matembezi huko Kibera ili aone ule umaskini aliousahau. Aende Mathare, Korogocho na kwingineko. Labda mwaka ujao, kama atakuwa na bahati ya kurudi Bunge, hatahau miji hii. Lakini naona kana kwamba hatarudi Bunge. Akirudi, itakuwa ni bahati.

Kwa haya machache, naomba kuunga mkono.

**Mr. Deputy Speaker:** Order, hon. Members! I want to direct that the gentlemen on my left will contribute to this Motion in this order: Messrs. Syongo, Ahenda, Kipchumba and Prof. Olweny.

Proceed, Mr. Syongo!

**The Assistant Minister for Foreign Affairs** (Mr. Wetangula): On a point of order, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** Mr. Wetangula, I know what you want to say! I will come to your side!

**The Assistant Minister for Foreign Affairs** (Mr. Wetangula): Mr. Deputy Speaker, Sir, you only read the names of hon. Members who will contribute from the other side!

**Mr. Deputy Speaker:** When I come to that side, that is the order you will follow. We will hear Mr. Konchela and then Mr. Wetangula, in that order.

Proceed, Mr. Syongo!

**Mr. Syongo:** Mr. Deputy Speaker, Sir, during the Budget Speech and immediately thereafter, the impression I had is that this is a well thought-through Budget. I still think that it was a well thought-through Budget, but with an eye on the desired outcome of the forthcoming general elections.

Mr. Deputy Speaker, Sir, nevertheless, Kenyans have a life beyond the general elections. I would have expected the Minister to consider other things that would have very fundamental impacts on the lives of Kenyans, especially now that the Poverty Reduction Strategy Paper (PRSP) has been replaced by another fundamental paper called Vision 2030. If you look at the Vision 2030, as Mr. Wamwere has rightly said, it represents a very fundamental paradigm shift. The shift is so fundamental that there is need for full participation of Kenyans in the various sectors. Worse still, even Parliament, which represents the people of this country, was never involved in the preparation of this document. No consultations were done, whatsoever! Recently, we were told that the paper will be presented to us, after the event!

Mr. Deputy Speaker, Sir, the fundamentals laid out in the Vision 2030 document will direct the funding and Government policy for the next 23 years and yet, Parliament was not involved or consulted. You will recall that the Minister specifically said that Vision 2030 will be driven by selected key sectors which will attract special funding and attention. What was the criteria for selecting those sectors? In any case, are those sectors regionally distributed to the extent that all corners of this country will be ignited to experience economic recovery and growth? I know that my colleague is saying that I have an office in that Ministry and that I should have been there to help. But that is not the point. The point is: Parliament should have been consulted and should have been part and parcel of the development of that paper.

Mr. Deputy Speaker, Sir, I laud the Minister for providing adequate funds to distribute electricity to various parts of this country. For the very first time, a constituency like Gwassi will see electric poles, wires and, hopefully, power. But there was no matching budget for electricity generation. Only two weeks ago, we were told that, currently, the gap between demand and supply leaves a margin of only 10 mega watts. That is why we are experiencing the outages.

Mr. Deputy Speaker, Sir, unless there is funding for generation commensurate with funding for electricity distribution, what we are going to spend on distribution and poles will not be productive, and as a result, we are going to experience outages that we have never experienced in this country before.

Mr. Deputy Speaker, Sir, the other issue is on equity. If you look at the fine prints, and they say that the devil is in the details--- If you look at the Ministry of Roads and Public Works, for example, I do not know how much was allocated for roads in the district that the Chair comes from. But in Suba District, we were given Kshs12 million. But some other districts, which are smaller than Suba District, were given Kshs500 million.

A district like Kuria was given Kshs500,000. That is merely half a million! Others have been given Kshs1 billion in terms of allocation on roads. Where is the equity? How are we going to bring those parts of the country into economic productivity, so that we can talk of a country that is fair and an economy that supports every part of this country and every Kenyan, irrespective of which region one comes from?

Mr. Deputy Speaker, Sir, on the issue of education, the Minister talked about free tuition in secondary schools. It is fantastic to talk about free tuition in secondary schools. But should we not fix the problem with the free primary education first? At present, the pupil/teacher ratio is crazy. We have too few teachers attending to very many pupils in primary schools to the extent that, we will feed very poor material into secondary education. Ultimately, we will not have mature and competent human resource to actually help

achieve the Vision 2030 strategic objectives.

*(Messrs. Wamwere, Kingi, Tarus  
and Angwenyi consulted loudly)*

**Mr. Deputy Speaker:** Order, hon. Members! May I ask the hon. Members at the back on my right--- Mr. Wamwere, could you consult in lower tonnes?

Proceed, Mr. Syongo!

**Mr. Syongo:** Mr. Deputy Speaker, Sir, I do not understand why we cannot employ all graduates from teacher training colleges, even if it means putting them as apprentices for a year at half pay. That way, they will not be loitering in the streets and our children will not be attending classrooms without a teacher in front of them, especially at primary education level.

Mr. Deputy Speaker, Sir, I appreciate that the Minister made some token suggestions to improve investment through private sector initiatives for university education. But he did not go far enough. Local authorities, municipalities and county councils should have actually been given clear indications that they need to give free land.

Private sector investors would have been given a tax holiday so that they can invest to expand university education places and reduce the number of children going to other countries. That will conserve our foreign exchange and also make it possible for Kenyans to acquire university education in a manner that is affordable.

On the question of removal of Sugar Development Levy (SDL) on imported industrial sugar; right now, the sugar industry is under threat because, very soon, the COMESA safeguard measures will expire. We will expose that sector to the influx of sugar from COMESA countries, which is cheaper. There is no way you can easily differentiate between industrial sugar and table sugar. This measure of removing the SDL on imported industrial sugar is just another window for corruption. What will happen is that we are giving somebody the discretion to decide whether it is table sugar or industrial sugar, and whether it will attract SDL or not. That is, in effect, giving some people in strategic places an opportunity to become millionaires while destroying the local sugar industry. It is also a very effective way of ensuring that this country never develops a fresh juice industry. This policy favours the South African bottlers of Coca Cola products who will use the imported industrial sugar at the expense of our capacity to produce fresh fruit juice. When in season, mangoes and pineapples from Kitui District and Coast Province are rotting because we are not investing in processing our fruits into juices. That is an extremely damaging initiative taken by the Minister against our local value addition, especially the food processing sector. It will also inhibit our own internal capacity to produce industrial sugar. Who says that we cannot develop our own capacity? The Minister definitely made a mistake.

Obviously, when the Finance Bill comes, I will give a notice and make a proposal to amend the Bill so that we correct that measure that is not favouring our local sugar industry.

Mr. Deputy Speaker, Sir, the Minister reduced taxes on cigarettes without filters. Cigarettes without filters deliver more nicotine and have a higher tar delivery. They destroy the lungs much deeper and more effectively. By making them cheaper, he is definitely determined to kill poor Kenyans.

I would have expected the Minister to reduce duty on filter cigarettes, so that more Kenyans; who are foolish enough to want to smoke, can afford filtered cigarettes.

**Mr. Deputy Speaker:** Your time is up, Mr. Syongo!

**Mr. Syongo:** Mr. Deputy Speaker, Sir, with those few remarks, I beg to support.

**The Minister of State for Immigration and Registration of Persons (Mr. Konchella):** Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity. I wish to support the Budget



by the Minister for Finance.

As we all know in the last four years this Government has put the economy of this country on the path of recovery. As seen from this Budget, the economy has been put in the next phase which is that of growth. When we talk of Vision 2030, it is a vision for the people of Kenya. This means the Government that will be in power next year, and for the next 20 years, must ensure that the economy grows for the benefit of our children and grand children.

Mr. Deputy Speaker, Sir, the pillars that are seen and all Kenyans appreciate are now in place. One of these pillars is education. Our levels of literacy have moved from 60 per cent to 70 per cent of our population. We expect this to rise to about 90 per cent. A country like Zimbabwe, which has problems, has very high literacy levels. With the high level of literacy, Kenyans will be informed and make informed decisions. They will not be swayed or cheated by those who want to use them for their missions.

Mr. Deputy Speaker, Sir, those communities that were marginalised by the colonial Government and the two successive regimes must now be assisted to get education. We want to empower them. I am happy as we move towards realising the Vision 2030 a lot of funding will go to the development of Arid and Semi-Arid Lands (ASAL). We believe that every community has the ability to pay taxes. There is no community in this country which is not able to pay taxes. All they need is empowerment. Therefore, I am glad that the Government has seen this. It is encouraging to see this Government will infect more revenue in the coming years to improve the lives of our people, so that they get into the tax-paying bracket.

Mr. Deputy Speaker, Sir, one disappointing area that I might have to mention is that, while other sectors like that of coffee and others have been supported, I expected the Minister to think about re-stocking livestock for the families that lost their livestock to drought. Many families today are paupers because they lost their cattle.

I hope and still request the Minister to consider this and ensure that funds are allocated to livestock farmers, so that impoverished families can recover. This is the only way for their survival. They are able to survive only if supported by the Government to kick-start their lives once again.

Mr. Deputy Speaker, Sir, the other pillar is that of agriculture. Here, I only want to talk about the sugar sector. My district is one of those that produce sugar cane. Indeed, we are getting the economic advantage of having a cash crop like sugar cane in Trans Mara District. However, the issue of COMESA is very worrying. Unless the Government and the Minister take care of the Kenya sugar producers, these people will suffer. Imagine about six million people losing their means of livelihood. We do not want to see them suffer. So, we, as a Government, must come up with a policy for us to assist them.

I urge this House to think very seriously whether we should go the COMESA way or say "no" to it. This is because our people will suffer. I believe that we are part of the wider community and want to live with our neighbours. However, there are ways the Government must protect our farmers. We all know that the Kenya Sugar Board (KSB) collects a lot of money from these levies. I believe there is a lot of money in their accounts, this should be ploughed back to farmers. A factory like South Nyanza (SONY) Sugar Company needs about Kshs3 billion or Kshs2 billion to buy new crushers and create the capacity to crush 7,000 tonnes per day. That would be enough to sustain it even with COMESA around. I urge this House to seriously address this issue. It is a very serious problem for those of us from those areas.

Mr. Deputy Speaker, Sir, the other pillar of development is security. Security is so crucial for a developing country like Kenya. If we want to realise our vision, we must improve on our security situation. Let us treat each other as brothers and sisters. The law should be very strict on those who want to destroy other people's livelihood, economy, survival or take away their property. The law should punish those trying to destroy means of the livelihood of other people. We all know

that has been happening in Nairobi, Mt. Elgon and other parts of the country.

In my district, there are elements of people who are causing insecurity to ensure that certain communities are chased away, so that they do not vote in the next general elections.

Mr. Deputy Speaker, Sir, I have taken a lot of liberty as the Minister of State for Immigration and Registration of Persons to give Kenyans Identity Cards. Indeed, now we are producing these cards at the rate 40,000 per day. This should enable many Kenyans who have been de-enfranchised for a long time by the previous Government to take part in electing leaders of their choice. This is the commitment by this Government.

I am happy that the Government is supporting us to make sure that we deliver on the promises to Kenyans.

Mr. Deputy Speaker, Sir, the issue of empowerment is one area which my colleagues know that this Government has achieved through its budgets. There is empowerment in terms of the Youth Development Fund and now, there is the Women Development Fund. Next year, students in secondary schools will not be paying tuition fees. This is aimed at having more money in the hands of Kenyans, so that they can invest and improve their lives. This is very important because some of the communities like those in rural areas in ASAL cannot attend school. They need certain facilities like boarding schools where some of the students can stay and be fed. This is necessary because some times there could be drought. We grow large quantities of wheat in Narok District. Since our people keep large heads of livestock, this Government needs to empower them so that they fully participate in the economy of this country.

Mr. Deputy Speaker, Sir, the issue of roads is a very crucial matter. I appreciate the Government's effort of constructing roads in various parts of this country. I am happy because the Kisii-Kilgoris Road is being constructed. I would urge the Minister to also look for some funds and tarmac a stretch of 10-kilometre rural road that traverses a very productive area. This is something I feel very bad to speak about because we have a right just like any other Kenyans, to have good roads. We can produce and support this economy like any other community.

Mr. Deputy Speaker, Sir, I am also happy because the Narok-Maai Mahiu Road is under construction. I urge the contractor to move very fast and complete this road as scheduled. They are not doing a very good job. I do not know whether they will complete it in time. The problem here is the rural access roads. You cannot access farms in remote areas of Trans Mara District because most roads have been washed away. There has been lot of destruction to the forest.

I want the Government to consider this very seriously because we need to do a lot of reafforestation. We also need to construct rural access roads to enable our people to transport their produce to the market. Farmers in remote rural areas grow a lot of food, but they are not able to transport it to the market. This is where I want to ask, particularly the Minister of Roads and Public Works to ensure that when he brings his budget in this House, we want to see a lot of money allocated for the rural roads and not just the major highways, which are already being done. A lot of money should go to the rural roads so that farmers are able to take their produce to the market.

Mr. Deputy Speaker, Sir, I would also wish to talk about the infrastructure, especially telecommunications and support the Government's efforts in the last few years to develop this very crucial sector. I have in mind the fibre cable which is now getting to our districts awaiting the major

cable from the international waters to reach our place. A society that is ICT educated is going to support this economy.

Mr. Deputy Speaker, Sir, with those remarks, I beg to support.

**Mr. Deputy Speaker:** Yes, Mr. Ahenda!

**Mr. Ahenda:** Thank you, Mr. Deputy Speaker, Sir.

**An hon. Member:** Move nearer to the microphone!

**Mr. Ahenda:** They have harassed me a little bit, but let me stand here to support the Speech.

Mr. Deputy Speaker, Sir, no matter how beautiful, or colourful the Budget Speech is presented and no matter the semantics used to describe it or the paper it is presented on, if it does not address how the policies given will be implemented on the ground, its presentation is wanting.

A good Budget should be the people's Budget. We were treated to a young boy here in Parliament during the Budget presentation as one of those who gave the most beautiful presentations in this Budget. My grandmother who had a lot to say was never consulted and I think that the people down there ought to have been consulted. They had much more to put in this Budget. However, what I mean is that we need the people's Budget!

**The Assistant Minister for Finance** (Mr. Kenneth): On a point of order, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** What is your point of order, Mr. Peter Kenneth?

**The Assistant Minister for Finance** (Mr. Kenneth): Mr. Deputy Speaker, Sir, I really appreciate what hon. Ahenda, who is my friend, is saying. However, we must not belittle the Budget by saying that we should even consult our grandmothers. Is he in order to insinuate the same?

**The Minister for Justice and Constitutional Affairs** (Ms. Karua): And which grandmother?

**The Assistant Minister for Finance** (Mr. Kenneth): And which grandmother?

**Mr. Deputy Speaker:** There is nothing wrong with the hon. Member asking for his grandmother to be consulted!

*(Laughter)*

**Mr. Ahenda:** Thank you, Mr. Deputy Speaker, Sir, for supporting me.

What I was putting across---

**The Assistant Minister for Foreign Affairs** (Mr. Wetangula): On a point of information, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** Mr. Ahenda, do you want to be informed?

**Mr. Ahenda:** Mr. Deputy Speaker, Sir, I do not need that information. I do not need it.

*(Loud consultations)*

Okay, Mr. Deputy Speaker, Sir. My good friend has told me that I need that information. It might help us.

**Mr. Deputy Speaker:** He wants to be informed. That is fine.

**The Assistant Minister for Foreign Affairs** (Mr. Wetangula): Thank you, Mr. Deputy Speaker, Sir. I want to inform hon. Paddy Ahenda, my good friend, that the reason why his grandmother was not consulted is because he is here. He is elected to represent her at every level, including Budget proposals.

*(Applause)*

**Mr. Ahenda:** Mr. Deputy Speaker, Sir, that is what I was coming to because I had talked to my grandmother and so I ought to have had an input in the Budget. The young boy who was in the

House could have actually used her input in his Budget proposals to the Minister.

However, Mr. Deputy Speaker, Sir, a Budget Statement is a policy statement and it needs to be looked at, contrary to those Budget days--- If you remember, the good old days when the Budget Speech was being presented, it was a big day. It shook the entire East Africa, that is, the Budget Speech day, contrary to what we are seeing today. There is something actually lacking in the presentation of our Budget today because the Budget Speech that we get today is actually not the people's Budget. We need a Budget that addresses the problems facing our people and a Budget that before even its presentation, Kenyans yearn for, look forward to it or anticipate that it is actually going to be for the benefit of the masses.

Mr. Deputy Speaker, Sir, implementation of the Budget is the most wanting thing in Kenya today. In the past, we have had beautiful Budgets being presented, but their implementation is wanting. I must thank the current Government, no doubt, for what they have put in the collection of the revenue. But, Mr. Deputy Speaker, Sir, the Front Bench has always taken an attitude that whatever is being said here as good and constructive criticism--- It is as if we are only here to oppose. We can also propose. If there is something good, let us all stand up and support it.

Mr. Deputy Speaker, Sir, let me talk about the economic growth of 6.1 per cent that was given. I would like to see the Budget presentation directed to strengthen the Kenyan shilling. If we cannot strengthen the Kenya Shilling and it is left to get weaker, then the Budget will not help Kenyans. It will make inflation grow.

I have in mind the good old days when the US dollar or the Sterling Pound was almost at par with the Kenya shilling. In fact, at that time, the Kenya shilling was stronger than the British Pound.

Mr. Deputy Speaker, Sir, there is a myth these days being created that if we strengthen our currency, our exports will be more expensive. That is a myth that cannot be taken seriously. If we want to push down our inflation, that is something that should be looked into. Our currency should be strengthened for the benefit of this country.

On any Budget day if you do not take into account all the economic indicators, like the growth rate, health, education and industries then the Budget is going to be another sham. Just the other day when one of our luminaries was launching his vision and presentation of economic growth, if at all he takes power, he said that for any country to grow, the three most important things he would do are infrastructure, infrastructure and infrastructure and yet in this year's Budget, allocation for infrastructure is lopsided. One of the speakers has just mentioned - I am sorry to repeat it, but for the benefit of this House - that if you make only the roads leading to your house, you will need to reach my house to get what I have for your own people. That road must also reach my house! If Kenyans want to get fish from Lake Victoria, the road between Nakuru and Kisumu must be in good shape as opposed to what it is now. If Kenyans want to get things from Mombasa to Nairobi or from Nairobi to Mt. Kenya, all the roads must be good rather than just confining it to your corner and you think infrastructure is complete. That should have been considered.

Mr. Deputy Speaker, Sir, Government spending must be scrutinised. When we scrutinise this Government's spending, it does not mean that we are just criticising the Government. If we do not do this, then we are opening a Pandora's box for another Goldenberg and Margaryans to just come and syphon our money out. Therefore, Government spending must be questioned. Questioning Government spending does not mean that we are criticising the Government unnecessarily. So, when we question that spending, my colleagues on the Front Bench should not raise eyebrows. They should bear with us that it is normal to question the spending.

A Government should be looked at as one big corporate company with the President as the Managing Director and the Ministers as line managers, while my friend, Mr. Wetangula and company, would be our messengers in that company. If it was like that, then the idea of having

every Government Ministry and Minister signing what they can produce at any one given year would be achieved. If we look at the Government as a corporate company, then the growth rate would be uniform. Every line manager should sign a performance contract. But if you leave it the way it is today, the performance contracts that we are signing will be another sham and cannot be proved. The arbitrary powers that have been given to the commissioner need to be checked. Otherwise, people will just be throwing their things overboard. You must have heard a saying: "Hunger amidst plenty!" We could have a lot in Kenya, but some people could be going hungry because of unequitable distribution. Could this Budget target those ones, so that there is equitable distribution of wealth across the board. I know that we have plenty in this country, compared to our neighbours. But equitable distribution of resources is the main problem.

Mr. Deputy Speaker, Sir, I was rather disappointed with the distribution of the Youth Development Fund vis-a-vis the Women Enterprise Development Fund. The Youth Development Fund was given Kshs1 billion this year. The year is about to end and only Kshs210 million has been distributed. Where is the Kshs790 million? This Budget added the Youth Fund Kshs2 billion. Is somebody somewhere siphoning that money? I think the women were short-changed in this Budget. They ought to have been given Kshs2 billion. A sum of Kshs1 billion plus the Kshs790 million that is lying somewhere could be given to the youth. I do not know where it is lying. But that money should be taken out and given to the youth. I intend to move an amendment to ensure that, that money is equitably distributed among the youth and women.

Finally, the military spending these days---

**Mr. Deputy Speaker:** Your time is up.

Mr. Wetangula, you have even moved to the Dispatch Box.

**The Assistant Minister for Foreign Affairs** (Mr. Wetangula): Mr. Deputy Speaker, Sir, you had already indicated that I was speaking next. I had no doubt that you will not rescind that order.

Mr. Deputy Speaker, Sir, I also take this opportunity to laud the Budget. In the last two to three months, we have had very frightening developments in the area of security in this country. I am happy that this Budget has addressed the issue of insecurity by availing enough money to hire 25,000 policemen. If that is done, we will be able to increase policing to curb insecurity. Criminal gangs should not be allowed to take root in our country. There has been reckless killing of our people.

I think we need to intensify the issue of community policing. We need to intensify provision of equipment, especially vehicles. I want to see situation where, if possible, every police establishment, whether it is a station, a patrol base or post, is equipped with either a Land Rover or some motorbikes for the police to patrol the country properly. There are some parts of this country where policemen go to battle with criminals being carried on *boda boda* bicycles. That is not good.

Mr. Deputy Speaker, Sir, equally, a very handsome dose of money has been allocated to roads. I saw a strange statement in the papers today that the Ministry of Roads and Public Works may not have absorption capacity for the Kshs66 billion that has been allocated to it for roads. If there is local incapacity, the Ministry should go out there and contract Chinese, Malaysians, Chileans and other emerging countries that have got proven capacities to build infrastructure, so that all that money is put to good use and all the roads are properly done. Let us face it. This country has been let down terribly by local contractors. Indians and African contractors have colluded with engineers at the Ministry and stolen money. The roads are done below expectations and specifications. All they do is collude with engineers at the Ministry and steal the money. Either the road is too narrow, below the expectations and specifications; the road is too thin, below the expectations and specifications. We need to give Kenyans value for money. I want to urge the Minister for Roads and Public Works to engage - because we have a proven track record of China

Road and Bridge Construction. They have been doing a wonderful job wherever they have been given an opportunity. So, for the time being, we limit local contractors to repairs and maintenance, so that the basic infrastructure is done by people who have the capacity and who will not be compromised on standards.

Mr. Deputy Speaker, Sir, the Minister also said that he is going to provide money to hire teachers. That is good. But those 11,000 teachers are not enough. If we are going to give free secondary education, which is a wonderful idea-- If a country like Uganda can give free secondary education, then Kenya should as well do it, and we are going to do that. It will not make a lot of sense if we give free education, but we do not have teachers. I think the Ministry of Education should be sufficiently innovative, not just to rely on the Budget line, but also negotiate with our friends, donors. We can negotiate with the World Bank to give us enough money to hire enough teachers to equip every school for the next five years, by which time we shall have sufficient local revenue to pay the salaries, so that the children who are going to get free education can truly benefit from free education, and so that they do not just go to school because education is free. The transition from primary to secondary is going to go up, perhaps, ten-fold. We know that the transition has been about 20 per cent to 25 per cent. Now, it is likely to go to 80 per cent, and it will only be meaningful if we have enough teachers.

Mr. Deputy Speaker, Sir, the Minister last year talked of Sugar Development Levy. We came here, as Members of Parliament from sugar-growing areas, and advised that it was inadvisable to pass on that levy to the farmer. We discussed, agreed and he withdrew it. I do not know why he has gone back to the levy again, and this time done even something more dangerous than what he did last year. We, who come from the sugar-growing areas, will not accept importers of industrial sugar to import it Sugar Development Levy-free. It is just giving a highway for profiteers and smugglers to bring in sugar, pretend it is industrial sugar and pass it through the system without paying the levy, yet this levy is supposed to help the development of the sugar industry. Just like hon. Syongo said, it is a notice that when the Finance Bill comes, we are going to move an amendment to remove the issue on Sugar Development Levy and allow it to remain as it is. This is because, if the farmer is paying the Sugar Development Levy (SDL), if you buy a kilogramme of sugar, you pay SDL, why should we allow industrialists, who are making profits, not to pay this important tax? It is unacceptable. I think, and hope, that the Minister will see the sense to do exactly what he did last year by rescinding the decision that he wants SDL to be waived from industrial sugar. In fact, all the Minister should be doing is to encourage local sugar factories to produce industrial sugar, so that we can have a saving on importation and foreign exchange.

Mr. Deputy Speaker, Sir, a Fund has been created for women. There has been a Fund for youth. I want to appeal that we make it as easy as it is practically possible for the beneficiaries of this Fund to access the money.

I have in mind a suggestion that we use the post offices in handling the finances throughout the country. In many parts of the country, it is becoming increasingly difficult for our youths to access the funds. This is because the banks where we have put the money have come up with conditions that our youths cannot meet. Therefore, we end up not benefitting the would-be beneficiaries of the fund.

The conditions and terms that the banks impose are the same conditions that they will impose on any one of us when we go to borrow money. I want to suggest that we make it easier and simpler by using the post office which is in every village in this country as a medium of disbursing both the women and youth funds.

Mr. Deputy Speaker, Sir, as we go towards Vision 2030 for the development of this country, we will be increasingly choked by a shortage of energy. I want to suggest that the Ministry of Energy starts seriously thinking now about nuclear energy provision for this country. We do not

have enough water to generate power. We do not have oil and we can see the price of oil has increased over the last three years from US\$22 to US\$70 per barrel. So, generating power from oil is not economical. We should start thinking seriously about developing nuclear energy. It is easier, cheaper, cleaner and reliable, so that we can drive the engine of the economy to achieve Vision 2030.

Mr. Deputy Speaker, Sir, I also want to encourage that we start thinking about exploiting the coal deposits that are available in Mwingi and Kitui districts, so that we generate power a lot easier.

Yesterday, we had a momentous occasion in Kampala. Rwanda and Burundi were accessed to the East African Community (EAC) as full members. That creates a market of over 100 million people. Kenya, as the economic leader in the region, should take advantage of this. We should export and develop more, so that we generate enough wealth to build our country. We will only do this, if we pay attention to infrastructure and reduce our political rhetoric and work as a country.

Mr. Deputy Speaker, Sir, I beg to support.

**Mr. Kipchumba:** Thank you, Mr. Deputy Speaker, Sir. I also wish to give my comments on this Budget Speech.

Mr. Deputy Speaker, Sir, my main problem in this Budget is the extent of the deficit that is exhibited in it. While we all appreciate that, indeed, we must finance our budget, this year's deficit is quite large. In fact, I would, probably, want to have an explanation later from the Minister on how the deficit is Kshs109 billion when, in fact, it is supposed to be Kshs180 billion. At some later stage, probably, the Minister will give us an explanation on this deficit.

As my colleagues have said this will cause a lot of inflation, God forbid, if we do not sell Telkom Kenya Limited, by any chance, then there will be another deficit of Kshs36 billion. I do not know where this Government will borrow this money from. This is real danger.

Previously, we factored money to be realised from the sale of some Government parastatals, but we totally failed to realise it. This particular one of Telkom Kenya Limited could easily be real. If we do not sell it, we might face another very serious quagmire in the market. In fact, we will, probably, have an inflation rate of over 20 per cent. This is my greatest fear over this Budget.

Mr. Deputy Speaker, Sir, I pray that this Government and Minister do not prepare another Budget for us next year. This is because they could, probably, create another budget deficit of Kshs300 billion, without caring how they will finance it. Mr. Deputy Speaker, Sir, the Nairobi Stock Exchange (NSE) which the Minister gladly applauded in this House benefits only the rich in this country. I would like to know how many poor Kenyans invest in this NSE. Whilst many of us would like to praise this Government, in fact, I do not know what major role it has played in the capitalization of the NSE. In my view, inflation has driven the NSE to the levels that we see today, yet, the Minister talks about the profits that have been reaped as a result of investing in the NSE.

Mr. Deputy Speaker, Sir, banks make billions of money in this country, while the majority of Kenyans are unable to put food on the table. It would be prudent for the Minister to tell us how he is going to ensure that banks do not reap billions from this country. In fact, most of the profits that are made by many of the international banks, like Barclays Bank, are made from poor countries like Kenya.

Mr. Deputy Speaker, Sir, a poor country like Kenya provides quite a substantial amount of the total profits of these banks and, yet, the Government keeps quiet and says that the NSE is doing very well. Most of the companies which invest in the NSE are multinational companies. Apart from those people who invested recently in the KenGen, the majority of the stocks are owned by foreign companies. Most of the enormous profits that were made by these banks were repatriated back to their countries of origin.

Mr. Deputy Speaker, Sir, therefore, it would be wrong for Kenya to be rated as a country which is growing, as a result of growth in such sectors as the NSE, Safaricom Limited and other companies which repatriate most of their profits to their countries. No wonder, Kenyans are complaining that while the economy is growing at the rate of 6 per cent, they cannot feel it. With an inflation rate of 14 per cent, even with a growth rate of 6 per cent, there is still a gap of 8 per cent. Therefore, they cannot feel this growth. This is because any money that one makes, will be eaten up by inflation. These are issues that the Minister must address squarely. It is wrong to wish that as long as you are given money for expenditure, there will be money for roads and everything, as a result of financing from a very large deficit. That is unacceptable in a country like ours.

Mr. Deputy Speaker, Sir, the Minister increased the capital base for banks from Kshs250 million to Kshs1 billion. When this Government came to power it reduced this base from Kshs500 million to Kshs250 million. Now that its friends have established their own banks, it wants to raise this base to Kshs1 billion, so that there are no more competitors that can enter the market. This is unacceptable! What is the rationale of requiring banks to have a reserve of Kshs1 billion? That will create higher interest rates, because as long as a bank is going to have idle funds of up to Kshs1 billion, it must charge the customers. To the extent that they charge customers - where all of us are going to pay - it, therefore, means that banking is going to be expensive. What is the rationale of this? If banks are stable, why can we not retain the capital base of Kshs250 million? We should, in fact, reduce it to Kshs100 million. We cannot accept the scenario, that since hon. Kimunya's friends have all established their own banks, it is now time to increase the minimum capital base from Kshs250 million to Kshs1 billion.

In the first place, why did we reduce it from Kshs500 million to Kshs250 million? The reason is because we want banks to merge. What kind of reasoning is that? We are forcing banks to merge because we want to teach them on how to face competition from international banks? That is very petty and unacceptable in a country like ours. These banks, including the insurance companies must be assisted by this Government. Local companies and banks should be assisted by the Government.

Mr. Deputy Speaker, Sir, I am sure banks, like the Barclays Bank and other insurance companies, grew because of the assistance they got from Governments that required them to have reserves as low as Kshs1 million. Even in the insurance industry, the Minister wants to increase the capital base from Kshs100 million to Kshs300 million because all his friends are operating in the industry. He does not want anybody else to join the sector. That is unacceptable in a country where everybody would like to compete in this industry.

The Minister increased the Excise Duty on used vehicle spare parts. His reason for that was that vehicles which run on used second-hand spare parts cause many accidents. Where is the empirical evidence? Somebody cannot come to this House and raise duty for personal reasons. There should have been empirical evidence to show that vehicles that run on used spare parts cause accidents.

Most of our folk use used engines and spare parts for vehicles for local transportation. I am not aware if it has been established that those vehicles cause many accidents. Many new vehicles also cause many accidents. The causes of accidents are well known in this country. Accidents are caused by other factors and not necessarily because of using second-hand spare parts. There should be other mechanisms to establish that.

Mr. Deputy Speaker, Sir, I am made to understand that one competitor or opponent of the Minister is a dealer of used spare parts. Probably because of that, the Minister is extending personal interests to this House. He is probably out to punish his opponent while he is, indeed, punishing the entire country. Such duty must not be allowed for the sake of the poor Kenyans. Rich people do not drive second-hand vehicles. They also do not buy second-hand spare parts. If we want to help



poor people in this country, we must look into the sectors that benefit them.

On the issue of Vision 2030, as my colleague has said, no serious consultations were done about it. If another Government came into power next year, which is real, these people who are in the Opposition might be in Government next year. If we were not part of this Vision 2030, are you sure we will adopt it? So much money has been pumped into the programme.

Mr. Deputy Speaker, Sir, I told the Permanent Secretary, Ministry of Finance to consider including everybody in the programme so that whichever Government comes into power, it can continue to embrace the Vision. However, he did not care.

With those few remarks, I beg to support.

**Capt. Nakitare:** Thank you, Mr. Deputy Speaker, Sir. It is good that you have allowed me to contribute to the Budget Speech. We look forward to a time when money will work for people and not people to work for money. We have to make sure that every cent of taxpayers is used properly by being accountable.

In the Ministry of Local Government, auditing has become controversial. The Ministry of Finance is claiming to be auditing the Ministry of Local Government. However, the Ministry says that they are autonomous and they want to deal with their own issues.

#### ADJOURNMENT

**Mr. Deputy Speaker:** Order, hon.

Members! Capt. Nakitare, you still have nine minutes that you can use to contribute to the Motion tomorrow.

Hon. Members, it is now time for the interruption of business. This House, is therefore, adjourned until tomorrow 20th June, 2007 at 9.00 a.m.

The House rose at 6.30 p.m.